

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 December 31, 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: 001-34887

**MULLEN AUTOMOTIVE INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**86-3289406**

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

**1405 Pioneer Street  
Brea, California 92821**

(Address of principal executive offices)

Registrant's telephone number, including area code: (714) 613-1900

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

<b>Title of each class</b>	<b>Trading symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Stock, par value \$0.001	MULN	The Nasdaq Stock Market, LLC (Nasdaq Capital Market)
Rights to Purchase Series A-1 Junior Participating Preferred Stock	None	The Nasdaq Stock Market, LLC (Nasdaq Capital Market)

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

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).  YES  NO

As of February 17, 2025, a total of 1,083,175 shares of the Registrant's common stock, par value \$0.001 per share, were issued and outstanding.

---

---

**TABLE OF CONTENTS**

	<u>Page</u>
<b>PART I.</b>	<b><u>FINANCIAL INFORMATION</u></b>
<u>Item 1.</u>	<u>Financial Statements:</u>
	<u>Condensed Consolidated Balance Sheets as of December 31, 2024 (unaudited) and September 30, 2024</u>
	<u>Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended December 31, 2024 and 2023 (unaudited)</u>
	<u>Condensed Consolidated Statements of Stockholders Equity for the three months ended December 31, 2024 and 2023 (unaudited)</u>
	<u>Condensed Consolidated Statements of Cash Flows for the three months ended December 31, 2024 and 2023 (unaudited)</u>
	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>
<b>PART II.</b>	<b><u>OTHER INFORMATION</u></b>
<u>Item 1.</u>	<u>Legal Proceedings</u>
<u>Item 1A.</u>	<u>Risk Factors</u>
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>
<u>Item 5.</u>	<u>Other Information</u>
<u>Item 6.</u>	<u>Exhibits</u>
<b><u>SIGNATURES</u></b>	<b><u>62</u></b>

[Table of Contents](#)

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**MULLEN AUTOMOTIVE INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited)

	<u>December 31, 2024</u>	<u>September 30, 2024</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$2,325,190	\$10,321,827
Restricted cash	418,451	426,851
Inventory	41,770,397	37,503,112
Prepaid expenses and other current assets	15,297,034	14,798,553
Accounts receivable	98,855	124,295
<b>TOTAL CURRENT ASSETS</b>	<b><u>59,909,927</u></b>	<b><u>63,174,638</u></b>
Property, plant, and equipment, net	80,796,898	82,180,266
Intangible assets, net	26,172,956	27,056,030
Right-of-use assets	2,955,081	3,041,485
Other noncurrent assets	3,182,235	3,178,870
<b>TOTAL ASSETS</b>	<b><u>\$173,017,097</u></b>	<b><u>\$178,631,289</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$47,860,411	\$41,335,509
Accrued expenses and other current liabilities	46,637,723	51,612,166
Derivative liabilities	136,989,818	79,742,180
Liability to issue shares	8,015,361	1,771,025
Lease liabilities, current portion	2,981,613	2,893,967
Notes payable, current portion	3,219,147	5,399,777
Refundable deposits	409,272	417,674
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>246,113,345</u></b>	<b><u>183,172,298</u></b>
Notes payable, net of current portion	10,000,000	—
Liability to issue shares, net of current portion	—	356,206
Lease liabilities, net of current portion	11,113,091	11,648,662
<b>TOTAL LIABILITIES</b>	<b><u>\$267,226,436</u></b>	<b><u>\$195,177,166</u></b>
Contingencies and claims (Note 19)		
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Preferred stock; \$0.001 par value; 126,263,159 preferred shares authorized;		
Preferred Series D; 84,572,538 shares authorized; 363,097 and 363,097 shares issued and outstanding at December 31, 2024 and September 30, 2024, respectively (preference in liquidation of \$159,000 and \$159,000 at December 31, 2024 and September 30, 2024, respectively)	363	363
Preferred Series C; 24,874,079 shares authorized; 458 and 458 shares issued and outstanding at December 31, 2024 and September 30, 2024, respectively (preference in liquidation of \$4,049 and \$10,696,895 at December 31, 2024 and September 30, 2024, respectively)	—	—
Preferred Series A; 83,859 shares authorized; 648 and 648 shares issued and outstanding at December 31, 2024 and September 30, 2024, respectively (preference in liquidation of \$836 and \$836 at December 31, 2024 and September 30, 2024, respectively)	1	1
Common stock; \$0.001 par value; 5,000,000,000 shares authorized at December 31, 2024 and September 30, 2024; 404,334 and 76,288 shares issued and outstanding at December 31, 2024 and September 30, 2024 respectively (*)	404	76
Additional paid-in capital (*)	2,331,034,194	2,290,664,472
Accumulated deficit	(2,434,109,495)	(2,319,220,938)
<b>TOTAL STOCKHOLDERS' EQUITY (DEFICIT) ATTRIBUTABLE TO THE COMPANY'S STOCKHOLDERS</b>	<b><u>(103,074,533)</u></b>	<b><u>(28,556,026)</u></b>
Noncontrolling interest	8,865,194	12,010,149
<b>TOTAL STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b><u>(94,209,339)</u></b>	<b><u>(16,545,877)</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b><u>\$173,017,097</u></b>	<b><u>\$178,631,289</u></b>

(\*) Adjusted retroactively for reverse stock splits, see *Note 1 - Description of Business and Basis of Presentation*

See accompanying notes to these unaudited condensed consolidated financial statements.

**MULLEN AUTOMOTIVE INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
 (unaudited)

	<b>Three months ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Revenue from sale of vehicles	\$2,920,485	\$—
Cost of revenues	6,588,933	—
<b>Gross loss</b>	<b>(3,668,448)</b>	—
<b>Operating expenses:</b>		
General and administrative	\$36,484,409	\$43,234,052
Research and development	11,282,375	16,169,967
<b>Loss from operations</b>	<b>(51,435,232)</b>	<b>(59,404,019)</b>
<b>Other income (expense):</b>		
Other financing costs - initial recognition of warrants	(16,078,622)	—
Gain/(loss) on warrants and derivative liability revaluation	(34,629,786)	(6,728,981)
Gain/(loss) on extinguishment of debt	1,553,771	—
Interest expense	(18,665,369)	(258,023)
Other income, net	457,993	671,406
Total other income (expense)	(67,362,013)	(6,315,598)
<b>Net loss before income tax benefit</b>	<b>\$(118,797,245)</b>	<b>\$(65,719,617)</b>
Income tax benefit/ (provision)	(600)	1,726,238
<b>Net loss</b>	<b>(118,797,845)</b>	<b>(63,993,379)</b>
Net loss attributable to noncontrolling interest	(3,909,288)	(2,598,481)
<b>Net loss attributable to stockholders</b>	<b>\$(114,888,557)</b>	<b>\$(61,394,898)</b>
Waived/(accrued) accumulated preferred dividends and other capital transactions with preferred stockholders	(24,728)	(21,303)
<b>Net loss attributable to common stockholders after preferred dividends and other capital transactions with preferred stockholders</b>	<b>\$(114,913,285)</b>	<b>\$(61,416,201)</b>
Net Loss per Share (*)	\$(661.33)	\$(91,940.42)
Weighted average shares outstanding, basic and diluted (*)	173,762	668

(\*) Adjusted retroactively for reverse stock splits, see *Note 1 - Description of Business and Basis of Presentation*.

See accompanying notes to these unaudited condensed consolidated financial statements.

**MULLEN AUTOMOTIVE INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
for the three months ended December 31, 2024  
(unaudited)

Preferred Stock, total (see Note 9 for details)	Common Stock		Paid-in Capital	Accumulated Deficit	Equity attributable to the reporting entity	Noncontrolling Interest	Stockholders' (Deficit)
	Shares	Amount					
<b>Balance, October 1, 2024 (*)</b>	<b>364,203</b>	<b>\$ 364</b>	<b>76,288</b>	<b>\$ 76</b>	<b>\$2,290,664,472</b>	<b>\$ (2,319,220,938)</b>	<b>\$ (28,556,026)</b>
Cashless Warrant exercise	—	—	23,485	24	3,953,999	—	3,954,023
Issuance of common stock for conversion of convertible notes and interest	—	—	197,947	198	16,667,052	—	16,667,250
Common stock issued to settle matured loans and advances	—	—	21,280	21	2,999,979	—	3,000,000
Common stock issued under equity line of credit	—	—	8,368	8	1,017,127	—	1,017,135
Share-based compensation	—	—	76,966	77	16,265,810	—	16,265,887
Preferred stock dividends	—	—	—	—	(24,728)	—	(24,728)
Noncontrolling interest - decrease from additional investments into subsidiary	—	—	—	—	(509,517)	—	509,517
Noncontrolling interest - increase from stock based compensation	—	—	—	—	—	—	254,816
Noncontrolling interest - decrease from current losses	—	—	—	—	—	(3,909,288)	(3,909,288)
Net Loss	—	—	—	—	(114,888,557)	(114,888,557)	—
<b>Balance, December 31, 2024</b>	<b>364,203</b>	<b>\$ 364</b>	<b>404,334</b>	<b>\$ 404</b>	<b>\$2,331,034,194</b>	<b>\$ (2,434,109,495)</b>	<b>\$ (103,074,533)</b>
						<b>\$ 8,865,194</b>	<b>\$ (94,209,339)</b>

(\*) Adjusted retroactively for reverse stock splits, see Note 1 - Description of Business and Basis of Presentation

See accompanying notes to these unaudited condensed consolidated financial statements.

**MULLEN AUTOMOTIVE INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
for the three months ended December 31, 2023  
(unaudited)

Preferred Stock, total (see Note 9 for details)	Common Stock		Paid-in Capital	Accumulated Deficit	Equity attributable to the reporting entity	Noncontrolling Interest	Stockholders' Equity
	Shares	Amount					
<b>Balance, October 1, 2023 (*)</b>	<b>1,575,502</b>	<b>1,576</b>	<b>479</b>	<b>—</b>	<b>2,071,112,998</b>	<b>(1,862,162,037)</b>	<b>208,952,537</b>
Cashless Warrant exercise	—	—	337	—	50,877,669	—	50,877,669
Share-based compensation	—	—	112	—	12,143,000	—	12,143,000
Preferred stock dividends	—	—	—	—	(21,303)	—	(21,303)
Shares issued to avoid fractional shares on reverse stock split	—	—	54	—	—	—	—
Noncontrolling interest	—	—	—	—	—	(2,598,481)	(2,598,481)
Net Loss	—	—	—	—	(61,394,898)	(61,394,898)	—
<b>Balance, December 31, 2023 (*)</b>	<b>1,575,502</b>	<b>\$ 1,576</b>	<b>982</b>	<b>\$ —</b>	<b>\$2,134,112,364</b>	<b>\$ (1,923,556,935)</b>	<b>\$ 210,557,005</b>
						<b>\$ 61,257,092</b>	<b>\$ 271,814,097</b>

(\*) Adjusted retroactively for reverse stock splits, see *Note 1 - Description of Business and Basis of Presentation*

See accompanying notes to these unaudited condensed consolidated financial statements.

**MULLEN AUTOMOTIVE INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

	Three Months Ended December 31,	
	2024	2023
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (118,797,845)	\$ (63,993,379)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	18,591,750	13,903,416
Revaluation of warrants and derivative liabilities	34,629,786	6,728,981
Other financing costs - initial recognition of warrants	16,078,622	—
Amortization of debt discount and other non-cash interest expense	17,678,751	160,664
Depreciation and amortization	4,745,928	4,343,960
Loss/(gain) on extinguishment of debt	(1,553,771)	—
Write-down of inventory to net realizable value	838,765	—
Deferred income taxes	—	(1,726,238)
Other gains	—	(125,990)
Changes in operating assets and liabilities:		
Accounts receivable	25,440	671,750
Inventories	(5,106,050)	(13,912,516)
Prepays and other assets	3,363,323	(1,781,132)
Accounts payable	6,266,401	1,317,232
Accrued expenses and other liabilities	(1,963,992)	(3,044,392)
Right-of-use assets and lease liabilities	(361,521)	(2,433,909)
<b>Net cash used in operating activities</b>	<b>(25,564,413)</b>	<b>(59,891,553)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of equipment	(2,220,984)	(6,865,681)
<b>Net cash used in investing activities</b>	<b>(2,220,984)</b>	<b>(6,865,681)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of notes payable with detachable warrants	8,763,225	—
Proceeds from issuance of notes payable by subsidiary	10,000,000	—
Issuance of stock under equity line of credit	1,017,135	—
<b>Net cash provided by financing activities</b>	<b>19,780,360</b>	<b>—</b>
<b>Change in cash</b>	<b>(8,005,037)</b>	<b>(66,757,234)</b>
Cash and restricted cash (in amount of \$426,851), beginning of period	10,748,678	155,696,470
Cash and restricted cash (in amount of \$18,451), ending of period	<b>\$ 2,743,641</b>	<b>\$ 88,939,236</b>
<b>Supplemental disclosure of Cash Flow information:</b>		
Cash paid for interest	\$ 250,000	\$ —
<b>Supplemental Disclosure for Non-Cash Activities:</b>		
Amount to be received from investor for warrants and notes	\$ 5,000,000	\$ —
Convertible notes and interest - conversion to common stock	16,667,250	—
Extinguishment of debt and interest (in exchange for own common stock)	4,553,771	—
Exercise of warrants recognized earlier as liabilities	3,954,023	50,877,669
Change in noncontrolling interest upon additional investments into subsidiary	509,517	—
Right-of-use assets obtained in exchange of operating lease liabilities	—	8,932,159

See accompanying notes to these unaudited condensed consolidated financial statements.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION**

**Description of Business**

Mullen Automotive Inc., a Delaware corporation ("MAI", "Mullen", "we" or the "Company"), is a Southern California-based development-stage electric vehicle company that operates in various verticals of businesses focused within the automotive industry. Mullen controls wholly owned subsidiaries Ottawa Automotive, Inc., a California corporation, Mullen Indiana Real Estate, LLC., a Delaware corporation, Mullen Investment Properties LLC, a Mississippi corporation, Mullen Advanced Energy Operations LLC, a California corporation and a majority ownership in Bollinger Motors, incorporated in Delaware.

Mullen Automotive Inc., a California corporation ("Previous Mullen"), was originally formed on April 20 2010, as a developer and manufacturer of electric vehicle technology and operated as the Electric Vehicle ("EV") division of Mullen Technologies, Inc. ("MTI") until November 5, 2021, at which time Previous Mullen underwent a capitalization and corporate reorganization by way of a spin-off to its shareholders, followed by a reverse merger with and into Net Element, Inc., which was accounted for as a reverse merger transaction, in which Previous Mullen was treated as the acquirer for financial accounting purposes. (the "Merger"). The Company changed its name from "Net Element, Inc." to "Mullen Automotive Inc" and the Nasdaq ticker symbol for the Company's common stock changed from "NETE" to "MULN" on the Nasdaq Capital Market at the opening of trading on November 5, 2021.

Mullen is building and delivering the newest generation of Commercial Trucks. We also have a portfolio of high-performance passenger vehicles in various stages of product development for launch in subsequent years subject to available financing.

The acquisition of a controlling interest in Bollinger Motors, Inc. in September 2022 positioned Mullen into the medium duty truck classes 4-6, along with the Sport Utility and Pick Up Trucks EV segments. The first Bollinger vehicles were sold in September 2024.

The second acquisition was in October 2022, when the U.S. Bankruptcy Court approved the Company's acquisition of ELMS (Electric Last Mile Solutions) assets in an all-cash purchase. With this transaction, Mullen acquired a manufacturing plant in Mishawaka Indiana and all the intellectual property needed to engineer and build Class 1 and Class 3 electric vehicles. The first vehicles were produced and delivered to customers during the 12 months ended September 30, 2023.

**Basis of Presentation and Principles of Consolidation**

These unaudited interim condensed consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States ("U.S. GAAP"). The financial statements reflect the consolidated financial position and results of operations of Mullen, which include the accounts of the Company and its subsidiaries. Intercompany accounts and transactions have been eliminated, if any. Certain prior-period amounts have been reclassified in the accompanying condensed consolidated financial statements and notes thereto in order to conform to the current period presentation. Noncontrolling interest presented in these condensed consolidated financial statements relates to the portion of equity (net assets) in subsidiaries not attributable, directly or indirectly, to Mullen. Net income or loss are allocated to noncontrolling interests by multiplying the relative ownership interest of the noncontrolling interest holders for the period by the net income or loss of the entity to which the noncontrolling interest relates.

These unaudited interim condensed consolidated financial statements and the accompanying notes have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all normal recurring adjustments, necessary for a fair statement of the results of operations for the periods presented. The consolidated financial statements for any interim period are not necessarily indicative of the results to be expected for the full year or for any other future years or interim periods. Comprehensive loss is not separately presented as the amounts are equal to net loss for the three months ended December 31, 2024 and 2023. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended September 30, 2024. ("2024 Annual Report").

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Reverse Stock Splits**

Our common stock is listed on the Nasdaq Capital Market. To maintain that listing, we must satisfy minimum financial and other requirements including, without limitation, a requirement that our closing bid price be at least \$1.00 per share.

As further described in the *Note 20 - Subsequent events*, on January 31, 2025, the Company held a Special Meeting of Stockholders, which approved a proposal to authorize a reverse stock split of the common stock of the Company at a ratio within the range of 1-for-2 to 1-for-100, as determined by the Board of Directors of the Company. On February 14, 2025, the Company filed a Certificate of Amendment to its Second Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to effect a one-for-sixty (1-for-60) reverse stock split of its common stock. The Reverse Stock Split became effective on February 18, 2025.

In addition to the reverse stock split referred to above, the Company previously effected a 1-for-25 reverse stock split on May 4, 2023, a 1-for-9 reverse stock split on August 11, 2023, a 1-for-100 reverse stock split on December 21, 2023, and 1-for-100 reverse stock split on September 17, 2024.

As a result of these reverse stock splits, the number of shares of common stock that can be issued upon exercise of warrants, preferred stock, and other convertible securities, as well as any commitments to issue securities, that provide for adjustments in the event of a reverse stock split, was appropriately adjusted pursuant to their applicable terms for the reverse stock splits. If applicable, the conversion price for each outstanding share of preferred stock and the exercise price for each outstanding warrant was increased, pursuant to their terms, in inverse proportion to the split ratio such that upon conversion or exercise, the aggregate conversion price for conversion of preferred stock and the aggregate exercise price payable by the warrant holder to the Company for shares of common stock subject to such warrant will remain approximately the same as the aggregate conversion or exercise price, as applicable, prior to the reverse stock splits. No fractional shares were issued in connection with the reverse stock splits. All fractional shares were rounded up to the nearest whole share.

The reverse stock splits have not changed the authorized number of shares or the par value of the common stock nor modified any voting rights of the common stock. The number and par value of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock were not affected by the reverse stock splits, but their conversion ratios have been proportionally adjusted. There were no outstanding shares of Series B Preferred Stock and Series E Preferred Stock as of the effective date of the reverse stock splits.

The Company retroactively adjusted its historical financial statements to reflect the reverse stock splits (See *Note 10 - Loss per share* for reverse stock splits effect on loss per share). All issued and outstanding common stock and per share amounts contained in the financial statements have been retroactively adjusted to reflect the reverse stock splits for all periods presented. The common stock and additional paid-in-capital line items of the financial statements were retroactively adjusted to account for the reverse stock splits for all periods presented.

The retroactive impact of the latest reverse stock split on the shares of common stock previously reported for the fiscal year ended September 30, 2024 was as follows:

	Reported in 10-K 2024	Adjustment to RSS 1:60 (February 2025)	Total after RSS of February 2025
<b>Balance, September 30, 2023, number of shares of common stock</b>	28,718	(28,239)	479
Increase of common stock during fiscal year 2024	4,548,589	(4,472,780)	75,809
<b>Balance, September 30, 2024, number of shares of common stock</b>	<b>4,577,307</b>	<b>(4,501,019)</b>	<b>76,288</b>

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 2 – LIQUIDITY, CAPITAL RESOURCES, AND GOING CONCERN**

These unaudited interim condensed consolidated financial statements have been prepared on the basis that assumes the Company will continue as a going concern which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

The Company evaluated whether there are any conditions and events, considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern over the next twelve months from the date of filing this report. The Company's principal source of liquidity consists of existing cash and restricted cash of approximately \$2.7 million as of December 31, 2024. During the three months ended December 31, 2024, the Company used approximately \$25.6 million of cash for operating activities. The net working capital deficit on December 31, 2024 amounted to approximately \$186.2 million, or \$41.2 million after excluding derivative and warrant liabilities and liabilities to issue stock that are supposed to be settled by issuing common stock without using cash. For the three months ended December 31, 2024, the Company incurred a net loss of \$ 118.8 million and, and as of December 31, 2024, our accumulated deficit was \$ 2.4 billion.

The Company believes that its available liquidity will not be sufficient to meet its current obligations for a period of at least twelve months from the date of the filing of these unaudited interim condensed consolidated financial statements. Accordingly, the Company has concluded there is substantial doubt about its ability to continue as a going concern. During the quarter ended December 31, 2024, the Company made the decision to temporarily shut down key production facilities due to short-term liquidity constraints. This action directly impacts our ability to produce vehicles. Should this shutdown continue, our cash flows from operating activities are expected to be further negatively impacted, which would further worsen the Company's cash position. Management is pursuing several strategies to address liquidity concerns, including equity or debt financing and cost reduction and operational restructuring. Despite these efforts, there is no assurance that these initiatives will be successful. Without additional funding, the Company may be unable to continue operations and could be required to seek bankruptcy protection within 30 days of the issuance of these financial statements.

These unaudited interim condensed consolidated financial statements do not include any adjustments to the carrying amounts of assets or liabilities that may result from the outcome of these uncertainties.

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies are defined as those that reflect significant judgments and uncertainties, and potentially result in materially different results under different assumptions and conditions. See our 2024 Annual Report for a detailed discussion of our accounting policies.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Use of Estimates**

The preparation of our financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the consolidated financial statements and the reported amounts of total expenses in the reporting periods. Estimates are used for, but not limited to, cash flow projections and discount rate for calculation of goodwill impairment, fair value and impairment of long-lived assets, including intangible assets, inventory valuation, and fair value of financial instruments. Management bases its estimates on historical experience and on various other assumptions believed to be reasonable, the results of which form the basis for carrying values of assets and liabilities and the recording of costs and expenses that are not readily apparent from other sources. The actual results may differ materially from these estimates.

**Risks and Uncertainties**

We operate within an industry that is subject to rapid technological change, intense competition, and significant government regulation. It is subject to significant risks and uncertainties, including competitive, financial, developmental, operational, technological, required knowledge of industry governmental regulations, and other risks associated with an emerging business. The Company is dependent on its suppliers, including single-source suppliers. It depends on the ability of these suppliers to deliver the necessary components of our products in a timely manner at prices, quality levels, and volumes acceptable to us. Any one or combination of these or other risks could have a substantial impact on our future operations and prospects for commercial success.

**Restricted Cash**

Cash obtained from customer deposits is held by the Company and is restricted from use to fund operations.

**Accounts receivable**

Accounts receivable consist of receivables from our customers for the sale of vehicles. The Company provides an allowance against accounts receivable for any expected credit losses. No allowance was recorded by the Company as of December 31, 2024 and September 30, 2024.

**Inventory**

Inventories are stated at the lower of cost or net realizable value and consist of raw materials, work in progress, and finished goods. The net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Cost of inventories is determined using the standard cost method, which approximates actual cost on a first-in first-out basis. Cost includes direct materials, direct labor, and a proportionate share of manufacturing overhead costs based on normal capacity. Regular reviews are performed to identify and account for variances between the standard costs and actual costs. The Company regularly reviews its inventory for excess quantities and obsolescence. This analysis takes into account factors such as demand forecasts, product life cycles, product development plans, and current market conditions. The Company records inventory write-downs for excess or obsolete inventories based upon assumptions about current and future demand forecasts. If inventory on-hand is in excess of future demand forecast, the excess amounts are written-off. Once inventory is written down to a net realizable value, a new, lower-cost basis is established, and the inventory is not subsequently written up if market conditions improve. All such inventory write-downs are included as a component of cost of revenues in the period in which the write-down occurs. The Company records inventory write-downs for excess or obsolete inventories based upon assumptions about current and future demand forecasts. If inventory on-hand is in excess of future demand forecast, the excess amounts are written-off.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Property, Plant, and Equipment, net**

Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated economic useful lives of the assets. Repairs and maintenance expenditures that do not extend the useful lives of related assets are expensed as incurred.

**Estimated Useful Lives**

<b>Description</b>	<b>Estimated useful lives</b>
Buildings	20 to 30 years
Furniture and equipment	3 to 7 years
Computer and software	1 to 5 years
Machinery, shop and testing equipment	3 to 7 years
Leasehold improvements	Shorter of the estimated useful life or the underlying lease term
Vehicles	5 years
Intangibles	5 to 10 years

Expenditures for major improvements are capitalized, while minor replacements, maintenance, and repairs, which do not extend the asset lives, are charged to operations as incurred. Upon sale or disposition, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in operations. Company management continually monitors events and changes in circumstances that could indicate that the carrying balances of its property, plant, and equipment may not be recoverable in accordance with the provisions of ASC 360, "Property, Plant, and Equipment." When such events or changes in circumstances are present, we assess the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets.

**Income Taxes**

The Company and its less than 100% owned subsidiaries are filing separate tax returns, and we calculate the provision for income taxes by using a "separate" return method. Section 174 capitalization and R&D credits are calculated using consolidated tax return rules and allocated among its members. The Company's income tax provision consists of an estimate for U.S. federal and state income taxes based on enacted rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in deferred tax assets and liabilities, and changes in the tax law.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Income taxes are recorded in accordance with ASC 740, *Income Taxes*, which provides for deferred taxes using an asset and liability approach. We record deferred income taxes using enacted tax laws and rates for the years in which the taxes are expected to be paid. We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the consolidated financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are provided, if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. We maintain a full valuation allowance against the value of our U.S. and state net deferred tax assets because the recoverability of the tax assets does not meet the "more likely than not" requirement as of December 31, 2024 and September 30, 2024.

Uncertain tax positions taken or expected to be taken in a tax return are accounted for using the "more likely than not" threshold for financial statement recognition and measurement. There are transactions that occur during the ordinary course of business for which the ultimate tax determination may be uncertain. As of December 31, 2024 and September 30, 2024, there were no material changes to either the nature or the amounts of the uncertain tax positions.

**Intangible Assets, net**

Intangible assets consist of acquired and developed intellectual property. In accordance with ASC 350, "*Intangibles—Goodwill and Others*," goodwill and other intangible assets with indefinite lives (including in-process research and development assets acquired in a business combination) are not subject to amortization but are tested for impairment annually or whenever events or changes in circumstances indicate that the asset might be impaired.

Intangible assets with determinate lives are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Amortizable intangible assets generally are amortized on a straight-line basis over periods up to 120 months. The costs to periodically renew our intangible assets are expensed as incurred.

**Impairment of Long-Lived Assets**

The Company periodically evaluates long-lived assets (intangible assets, right-of-use assets and property, plant, and equipment) for impairment whenever events or changes in circumstances indicate that a potential impairment may have occurred. If such events or changes in circumstances arise, the Company compares the carrying amount of the long-lived assets to the estimated future undiscounted cash flows expected to be generated by the long-lived assets. If the estimated aggregate undiscounted cash flows are less than the carrying amount of the long-lived assets, an impairment charge, calculated as the amount by which the carrying amount of the assets exceeds the fair value of the assets, is recorded. The fair value of the long-lived assets is determined based on the estimated discounted cash flows expected to be generated from the long-lived asset unless another method provides a more reliable estimate. If an impairment loss is recognized, the adjusted carrying amount of a long-lived asset is recognized as a new cost basis of the impaired asset. Impairment loss is not reversed even if fair value exceeds carrying amount in subsequent periods.

**Contingencies and Commitments**

The Company follows ASC 440 and ASC 450 to account for contingencies and commitments, respectively. Certain conditions, as a result of past events, may exist as of the balance sheet date, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be reasonably estimated, then the estimated liability is accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible or is probable but cannot be reasonably estimated, then the nature of the contingent liability and an estimate of the range of possible losses, if determinable and material, would be disclosed. Legal costs associated with such loss contingencies are expensed as incurred. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

**Revenue Recognition**

The Company's revenue includes revenue from the sale of electric vehicles and is accounted for in accordance with ASC 606, "Revenue from Contracts with Customers". The Company applies a five-step analysis to: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when, or as, the Company satisfies a performance obligation. Payments for electric vehicle sales are generally received at or shortly after delivery. Sales tax, if any, is excluded from the measurement of the transaction price. The revenue from the sale of electric vehicles is recognized when control of the vehicle is transferred to the customer. In general, the control is transferred at the point of delivery to the customer, signifying the fulfillment of our primary performance obligation under ASC 606. A contract with one of our dealers includes return provision, allowing unsold vehicles to be returned after one year; and contracts with two of our dealers include a return provision, allowing unsold vehicles to be returned upon contract termination. Since the Company does not have sufficient relevant statistics of returns yet, we defer revenue recognition until the vehicles have been sold by such dealer (when the dealer has a right of return exists) or until there is sufficient evidence to justify a reasonable estimate for the consideration to which the Company expects to be entitled. Relevant vehicles transferred to the dealer are presented as "Finished goods delivered to dealer for distribution" in the consolidated balance sheets at initial cost, less any expected costs to recover those products (including potential decreases in the value to the entity of returned products). At the end of each reporting period, the Company updates the measurement of these assets and refund liabilities.

**Cost of Revenues**

The costs of goods sold primarily include vehicle components and parts, labor costs, amortized tooling costs, and other relevant costs associated with the production of these vehicles. Other inventory costs and expenses primarily include write downs of inventory to net realizable value, provisions for estimated warranty expenses, and other similar costs.

**General and Administrative Expenses**

General and administrative ("G&A") expenses include expenses not related to production, such as salaries and employee benefits, professional fees, rent, repairs and maintenance, utilities and office expenses, depreciation and amortization, advertising, marketing and other selling expenses, settlements and penalties, taxes, and licenses, etc. Advertising costs are expensed as incurred and are included in G&A expenses, other than trade show expenses which are deferred until occurrence of the future event in accordance with ASC 720-35, "Other Expenses – Advertising Cost." Advertising costs for the three months ended December 31, 2024 and 2023 were approximately \$0.4 million and \$6.1 million, respectively.

**Research and Development Costs**

Research and development expenses are primarily comprised of external fees and internal costs for engineering, homologation, prototyping costs and other expenses related to preparation to mass-production of electric vehicles such as Mullen Three EV, Mullen One EV cargo van, Bollinger B4 Truck, etc. These include expenses related to the design, development, testing, and improvement of our electric vehicles and corresponding technologies. Per ASC 730, "Research and Development," the Company recognizes all research and development costs in the statement of operations as they occur. Assets with alternative future uses are capitalized and depreciated over their useful lives, with the depreciation expense reported under research and development costs.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Share-Based Compensation**

The share-based awards issued by the Company are accounted for in accordance with ASC Subtopic 718-10, "Compensation – Share Compensation," which requires fair value measurement on the grant date and recognition of compensation expense for all shares of common stock of the Company issued to employees, non-employees, and directors. The grant date is the date at which a grantor and a grantee reach a mutual understanding of the key terms and conditions of a share-based payment award, and is the date that a grantee begins to benefit from, or be adversely affected by, subsequent changes in the price of the grantor's equity shares (e.g. the date when the Board of Directors has authorized share-based compensation to be issued from reserves approved by shareholders). Generally, the fair value of awards is estimated based on the market price of the shares of common stock of the Company the day immediately preceding the grant date. The fair value of non-marketable share-based awards (granted to employees before the Company became public) was estimated based on an independent valuation. The Company recognizes forfeitures of awards in the periods they occur.

The overwhelming part of share-based awards to employees per employment contracts and a certain part of contracts with non-employees (consultants) are classified as equity with costs and additional paid-in capital recognized ratably over the service period. A significant part of the Company's share-based awards to consultants is liability-classified: mainly if the number of shares the consultant is entitled to depends on a certain monetary value fixed in the contract. An accrued part of liability, in this case, is revalued each period based on an earned portion of the grant and changes in the market price of the shares of common stock of the Company until a sufficient number of shares is issued.

The Company has also adopted incentive plans that entitle the Chief Executive Officer to share-based awards generally calculated as 1-3% of then outstanding number of shares of common stock, issuable upon achievement of specific financial and operational targets (milestones). This share-based compensation is accrued over the service term when it is probable that the milestone will be achieved. The liability to issue stock (presented within non-current liabilities if the achievement is expected later than 12 months after the balance sheet date) is revalued on every balance sheet date based on the length of the service period, the current market price of the common stock and the number of shares of common stock outstanding – until the shares have been issued, or until fulfilling the milestone requirements becomes unlikely.

**Derivative Financial Instruments**

The Company does not use derivative instruments to hedge exposures to interest rate, market, or foreign currency risks. The Company evaluates all of its financial instruments, including notes payable and warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. The Company applies significant judgment to identify and evaluate complex terms and conditions in its contracts and agreements to determine whether embedded derivatives exist. Embedded derivatives must be separately measured from the host contract if all the requirements for bifurcation are met. The assessment of the conditions surrounding the bifurcation of embedded derivatives depends on the nature of the host contract. Bifurcated embedded derivatives are recognized at fair value, with changes in fair value recognized in the statement of operations each period. Bifurcated embedded derivatives are classified with the related host contract on the Company's balance sheet.

A freestanding instrument that is a derivative is evaluated by the Company to determine if it qualifies for an exception to derivative accounting. The Company determines whether the equity-linked feature is indexed to the Company's common stock and whether the settlement provision in the contract is consistent with a fixed-for-fixed equity instrument. To qualify for classification in stockholder's equity, the Company evaluates whether the contract requires physical settlement, net share settlement, or a combination thereof and, when the Company has a choice of net cash settlement or settlement in the Company's shares, additional criteria are evaluated to determine whether equity classification is appropriate. Refer to Notes 7 and 8 for additional information regarding the accounting for the convertible notes and warrants.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Fair Value of Financial Instruments**

ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of non-performance. ASC 825-10 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825-10 establishes three levels of inputs that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed and is determined based on the lowest level input that is significant to the fair value measurement.

**Concentrations of Credit Risk**

The Company maintains cash balances in several financial institutions that are insured by either the Federal Deposit Insurance Corporation or the National Credit Union Association up to certain federal limitations, generally \$250,000. At times, our cash balance may exceed these federal limitations. However, we have not experienced any losses in such accounts, and management believes we are not exposed to any significant credit risk on these accounts due to the high credit rating of relevant financial institutions. The amounts in excess of insured limits as of December 31, 2024 and September 30, 2024 are \$2.2 million and \$10.0 million, respectively.

**Accounting Pronouncements**

The Company has implemented all applicable accounting pronouncements that are in effect. The following pronouncements were adopted recently:

ASU No. 2020-06, *Debt—Debt with Conversion and Other Options* (Subtopic 470-20), and *Derivatives and Hedging - Contracts in an Entity's Own Equity* (Subtopic 815-40): *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The amendments in ASU 2020-06 simplify the complexity associated with applying GAAP for certain financial instruments with characteristics of liabilities and equity. More specifically, the amendments focus on the guidance for convertible instruments and derivative scope exceptions for contracts in an entity's own equity.

The Company applied ASU 2020-06 on a modified retrospective basis to financial instruments outstanding as of the beginning of the fiscal year of adoption (i.e. on October 1, 2024). There has been no effect of the change on retained earnings or other components of equity in the statement of financial position as of the beginning of the first period of adoption.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The following are accounting pronouncements that have been issued but are not yet effective for the Company's condensed consolidated financial statements:

In November 2023, the FASB issued Accounting Standards Update 2023-07—*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. It requires all annual disclosures currently required by ASC 280 to be included in interim periods. It requires disclosure of significant segment expenses regularly provided to the chief operating decision maker ("CODM"), a description of other segment items by reportable segment, and applicable additional measures of segment profit or loss used by the CODM when allocating resources and assessing business performance. All public entities will be required to report segment information in accordance with the new guidance starting in annual periods beginning after December 15, 2023. The Company expects to enhance segment reporting disclosures based on new requirements.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." ASU No. 2023-09, which enhances the transparency, effectiveness, and comparability of income tax disclosures by requiring consistent categories and greater disaggregation of information related to income tax rate reconciliations and the jurisdictions in which income taxes are paid. The guidance is effective for public business entities for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company expects to enhance income tax disclosures based on new requirements.

In November 2024, the FASB issued Accounting Standards Update 2024-03 "*Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)*" which requires that at each interim and annual reporting period an entity:

1. Disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the listed expense categories.
2. Include certain amounts that are already required to be disclosed under current generally accepted accounting principles (GAAP) in the same disclosure as the other disaggregation requirements.
3. Disclosure of a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively.
4. Disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses.

These amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027: either (1) prospectively to financial statements issued for reporting periods after the effective date of this Update or (2) retrospectively to any or all prior periods presented in the financial statements. The Company expects to enhance disclosures of expenses based on new requirements.

In November 2024, the FASB also issued Accounting Standards Update 2024-04 "*Debt - Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*" to clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. Under the amendments, to account for a settlement of a convertible debt instrument as an induced conversion, an inducement offer is required to provide the debt holder with, at a minimum, the consideration (in form and amount) issuable under the conversion privileges provided in the terms of the instrument. An entity should assess whether this criterion is satisfied as of the date the inducement offer is accepted by the holder. If, when applying this criterion, the convertible debt instrument had been exchanged or modified (without being deemed substantially different) within the one-year period leading up to the offer acceptance date, an entity should compare the terms provided in the inducement offer with the terms that existed one year before the offer acceptance date. The amendments in this Update also clarify that the induced conversion guidance applies to a convertible debt instrument that is not currently convertible as long as it had a substantive conversion feature as of both its issuance date and the date the inducement offer is accepted. The amendments are effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. The Company is examining the impact this pronouncement may have on the Company's consolidated financial statements.

Other accounting pronouncements issued but not yet effective are not believed by management to be relevant or to have a material impact on the Company's present or future consolidated financial statements.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 4 – SEGMENT INFORMATION**

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the CODM in deciding how to allocate resources to an individual segment and in assessing performance. Our CEO and Chairman of the Board, as the CODM, makes decisions about resources to be acquired, allocated and utilized to each operating segment. The Company is currently comprised of two major operating segments:

- Bollinger. The Company acquired the controlling interest of Bollinger Motors Inc. in September 2022. This acquisition positions Mullen into the medium duty truck classes 4-6, along with the Sport Utility and Pick Up Trucks EV segments.
- Mullen Commercial. In November 2022, Mullen acquired from ELMS a manufacturing plant in Mishawaka Indiana and all the intellectual property needed to engineer and build Class 1 and Class 3 electric vehicles.

All long-lived assets of the Company are located in the United States of America. All revenue presented in these condensed consolidated financial statements relates to contracts with customers located in the United States of America.

The table below represents the main financial information pertaining to the segments (there were no material differences from the last annual report regarding segmentation or measuring segment profit or loss).

**Segment reporting for the three months ended December 31, 2024**

	<b>Bollinger</b>	<b>Mullen Commercial</b>	<b>Total</b>
Revenue for the three months ended December 31, 2024	\$ 2,781,920	\$ 138,565	\$ 2,920,485
Segment's net loss before income taxes for the three months ended December 31, 2024	(13,037,581)	(105,759,664)	(118,797,245)
Total segment assets	64,347,874	108,669,223	173,017,097

**Segment reporting for the three months ended December 31, 2023**

	<b>Bollinger</b>	<b>Mullen Commercial</b>	<b>Total</b>
Revenue for the three months ended December 31, 2023	\$ —	\$ —	\$ —
Segment's net loss before income taxes for the three months ended December 31, 2023	(8,223,042)	(57,496,575)	(65,719,617)
Total segment assets	158,619,890	222,556,630	381,176,520

**NOTE 5 – INVENTORY**

The cost of inventories is determined using a standard cost method, which approximates the first-in, first-out (FIFO) method. This includes direct materials, direct labor, and relevant manufacturing overhead costs. Variances between standard and actual costs are recognized in the cost of goods sold during the period in which they occur.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The Company's inventories are stated at the lower of cost or net realizable value and consist of the following:

	<b>December 31, 2024</b>	<b>September 30, 2024</b>
<b>Inventory</b>		
Raw materials	\$ 14,005,521	\$ 12,658,123
Work in process	4,013,134	4,360,565
Finished goods	7,124,744	3,857,427
Finished goods delivered to dealer for distribution	16,626,998	16,626,997
<b>Total Inventory</b>	<b>\$ 41,770,397</b>	<b>\$ 37,503,112</b>

The Company regularly reviews its inventories for excess and obsolete items by assessing their net realizable value. The net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. During the three months ended December 31, 2024, we recorded a loss of \$0.8 million to write the inventories down to net realizable value (Mullen commercial segment) - mainly due to excess raw materials and slower-moving inventory.

The net realizable value assessment considered the current expected selling prices of Mullen One, Mullen Three, and Bollinger B4 vehicles, based on recent sales and current market demand. Should actual sales prices or demand decline, additional write-downs may be required in future periods. Additionally, if the Company is unable to secure sufficient funding to continue operations as planned, inventory may need to be sold at further discounted prices, which could negatively impact future financial results.

**NOTE 6 – INTANGIBLE ASSETS**

Intangible assets with finite useful lives are amortized over the period of estimated benefit using the straight-line method. The weighted average remaining useful life of intangible assets is 7.6 years. The straight-line method of amortization represents management's best estimate of the distribution of the economic value of the intangible assets.

	<b>December 31, 2024</b>			<b>September 30, 2024</b>		
	<b>Cost Basis</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>	<b>Cost Basis</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
<b>Finite-Lived Intangible Assets</b>						
Patents	\$ 32,447,460	\$ (7,517,183)	24,930,277	\$ 32,447,460	\$ (6,699,330)	25,748,130
Other	745,947	(345,792)	400,155	745,947	(308,188)	437,759
Trademarks	1,095,693	(253,169)	842,524	1,095,693	(225,552)	870,141
<b>Total finite-lived intangible assets</b>	<b>\$ 34,289,100</b>	<b>(8,116,144)</b>	<b>26,172,956</b>	<b>\$ 34,289,100</b>	<b>(7,233,070)</b>	<b>27,056,030</b>
<b>Total Intangible Assets</b>	<b>\$ 34,289,100</b>	<b>\$ (8,116,144)</b>	<b>\$ 26,172,956</b>	<b>\$ 34,289,100</b>	<b>\$ (7,233,070)</b>	<b>\$ 27,056,030</b>

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Total future amortization expense for finite-lived intangible assets is as follows:

Years Ended September 30,	Future Amortization
2025 (9 months)	\$ 2,620,430
2026	3,503,505
2027	3,493,695
2028	3,363,505
2029	3,354,315
Thereafter	9,837,506
<b>Total Future Amortization</b>	<b>26,172,956</b>

For the three months ended December 31, 2024 and 2023, amortization of the intangible assets was \$ 0.9 million and \$1.3 million, respectively.

**NOTE 7 – DEBT**

**Short and Long-Term Debt**

Short-term debt is defined as debt with principal maturities of one year or less from the balance sheet date, as well as debt that has matured and remain unpaid; long-term debt has maturities greater than one year from the balance sheet date.

The following is a summary of our indebtedness as of December 31, 2024:

Debt outstanding on December 31, 2024	Senior convertible notes	Senior convertible notes	Senior convertible notes	Bollinger loan	Total
	May 2024 - October 2024	December 12 and 13, 2024	December 26- 30, 2024	October 2024	—
Issued					
Principal amount	\$ 3,782,970	\$ 4,629,711	\$ 4,210,526	\$ 10,000,000	\$ 22,623,207
Unamortized debt discount and issuance costs	(565,327)	(4,628,347)	(4,210,386)	—	(9,404,060)
Net carrying amount, current liability	3,217,643	1,364	140	—	3,219,147
Net carrying amount, noncurrent liability				10,000,000	10,000,000
<b>Total net carrying amount</b>	<b>\$ 3,217,643</b>	<b>\$ 1,364</b>	<b>\$ 140</b>	<b>\$ 10,000,000</b>	<b>\$ 13,219,147</b>
Fair value - amount	\$ 3,914,000	\$ 4,827,000	\$ 5,446,000	\$ 10,000,000	\$ 24,187,000
Fair value - leveling	Level 3	Level 3	Level 3	Level 3	—
Interest Rate	20% (default)	15%	15%	15%	—
Maturity	Due	April 12 and 13, 2024	April 26-30, 2024	October 30, 2026	—
Conversion price floor (not subject to reverse stock splits)	\$ 1.16	\$ 1.16	\$ 0.21	n/a	—
Conversion approved by shareholders	Yes	Yes	Pending	n/a	—

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The following is a summary of our indebtedness as of September 30, 2024:

<b>Debt outstanding on September 30, 2024</b>	<b>Matured loans and advances</b>	<b>Senior convertible notes</b>	<b>Total</b>
	Before 2022	May 2024 - September 2024	—
Issued			—
Principal amount	\$ 2,717,804	\$ 20,346,283	\$ 23,064,087
Unamortized debt discount and issuance costs	—	(17,664,310)	(17,664,310)
Net carrying amount, current liability	2,717,804	2,681,973	5,399,777
Net carrying amount, noncurrent liability	—	—	—
<b>Total net carrying amount</b>	<b>\$ 2,717,804</b>	<b>\$ 2,681,973</b>	<b>\$ 5,399,777</b>
Fair value - amount	\$ 1,805,000	\$ 17,700,000	\$ 19,505,000
Fair value - leveling	Level 3	Level 3	—
Interest Rate	10%	20% (default)	—
Maturity	Due	Due	—
Conversion price floor (not subject to reverse stock splits)	n/a	\$ 1.16	—
Conversion approved by shareholders	n/a	Yes	—

**Scheduled Debt Maturities**

The following are scheduled debt maturities as of December 31, 2024:

	<b>Year Ended September 30,</b>					<b>Total</b>
	<b>2025 (9 months)</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	
Total Debt due (excluding debt discount)	\$ 12,623,207	\$ —	\$ 10,000,000	\$ —	\$ —	\$ 22,623,207

**Accrued interest**

As of December 31, 2024 and September 30, 2024, accrued interest on outstanding notes payable was \$0.04 million and \$2.4 million, respectively. During the three months three months ended December 31, 2024 the main part of the accumulated interest was converted to shares of common stock, see below. The weighted average interest rate on short term borrowings outstanding as of December 31, 2024 was 15.8% (18.8% - as of September 30, 2024) and approximates effective interest rate as of those dates. Amortization of the debt discounts and issuance costs during the three months ended December 31, 2024 amounted to \$17.7 million (during the three months ended December 31, 2023 - \$0.2 million). Contractual interest expense during the three months ended December 31, 2024 amounted to \$0.9 million (during the three months ended December 31, 2023 - \$0.1 million).

**Matured notes and advances**

In October 2024, the Company reached an agreement with holders of matured notes and loan advances in amount of \$ 2.7 million, as well as accumulated interest in amount of approximately \$1.8 million, that the liabilities would be settled pursuant to Section 3(a)(9) of the Securities Act of 1933 by issuance of shares of common stock of the Company worth of \$3 million. The liability was fully settled by December 2024 by issuing 21,280 shares of common stock in several installments. The transaction resulted in recognition of gain on extinguishment of \$1.5 million.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

***Bollinger loan***

In October 2024, Bollinger Motors, Inc., a majority-owned subsidiary of Mullen Automotive Inc., issued an Amended and Restated Secured Promissory Note for \$10.0 million to Robert Bollinger, providing additional capital to support the production and sale of Bollinger's Class 4 EV truck, the B4. The note bears interest at 15% per annum, with interest-only payments starting November 29, 2024, and principal repayment due by October 30, 2026 (or earlier, upon Event of Default). It is secured by part of the assets of Bollinger Motors (now owned or hereafter acquired), excluding inventory and certain intellectual property that does not relate to commercial vehicles.

***Senior secured convertible notes (issued before December 2024)***

On May 14, 2024, the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") with certain accredited investors for the sale of Senior Secured Convertible notes ("Senior convertible notes") and five-year warrants exercisable for shares of common stock (the "Warrants").

The investors purchased an initial aggregate principal amount of \$52.6 million, or \$50 million, including the 5% original issue discount of Senior convertible notes (the "Initial Notes"). In connection with the issuance of the Senior convertible notes, the holders also received 5-year warrants exercisable for 200% of the shares of common stock underlying such Senior convertible notes, see further details in the *Note 8*.

The Senior convertible notes accrue interest at 15% and mature in four months from the date of issuance. Upon any event of default, the interest rate automatically increases to 20% per annum. The outstanding principal and accrued but unpaid interest on the Senior convertible notes may be converted by the holder into shares of common stock at the lower of (i) \$5.49 (after reverse stock splits - \$32,940), (ii) 95% of the closing sale price of the common stock on the date that the Company's registration statement on Form S-1 is declared effective (i.e. \$3.61, after the reverse stock split - \$21,660), or (iii) 95% of the lowest daily volume weighted average price in the five (5) trading days prior to such conversion date, provided that the conversion price will not be less than \$1.16 per share (not subject to adjustment for reverse stock splits).

As security for payment of the amounts due and payable under the Senior convertible notes, the Company collaterally assigned and granted to the holders a continuing security interest in all of the Company's right, title, and interest in, to, and under the property of the Company, whether then or hereafter owned, existing, acquired or arising and wherever then or hereafter located (subject to certain exceptions). The Senior convertible notes are senior in right of payment to all other current and future notes to which the Company is a party. The Senior convertible notes also impose restrictions on the Company, limiting additional debt, asset liens, stock repurchases, outstanding debt repayment, dividends distribution, and affiliate transactions, except for specified exceptions.

The Senior convertible notes and Warrants are not convertible by a holder to the extent that the holder or any of its affiliates would beneficially own in excess of 9.9% of the common stock.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The Company and the investors also executed a registration rights agreement. In the event that (i) sales cannot be made pursuant to the registration statement or the prospectus contained therein is not properly available for any reason for more than five consecutive calendar days or more than an aggregate of 10 calendar days during any 12-month period or (ii) a registration statement is not effective for any reason, or the prospectus contained therein is not properly available for use for any reason, and the Company fails to file with the SEC any required reports under the Exchange Act, then the Company has agreed (unless the Registrable Securities are freely tradable pursuant to Rule 144) to make payments to each investor as liquidated damages in an amount equal to 1.5% of such investor's total committed purchase price for the registrable securities affected by such failure and an additional 1.5% on every 30 day anniversary, with a maximum of 12 payments. Such payments will bear interest at the rate of 10% per month (prorated for partial months) until paid in full and may be paid in registered shares of common stock at the option of the Company. The Company will recognize a liability under the registration payment arrangement if the transfer of consideration becomes probable and can be reasonably estimated.

For a period beginning on May 14, 2024, and ending on the one-year anniversary from the later of (i) the date registration statements registering the shares issuable upon conversion of all of the Senior convertible notes and exercise of all the Warrants is declared effective or (ii) the date the Company has obtained stockholder approval for the transaction, the investors were given the right, but not the obligation, to purchase an additional \$52.6 million of 5% Original Issue Discount Senior Secured Senior convertible notes and related Warrants on the same terms and conditions as provided in the Securities Purchase Agreement.

The exercise price and number of shares issuable upon conversion of the Senior convertible notes or exercise of the Warrants, as applicable, will further be adjusted upon the occurrence of certain events, and holders will be allowed to participate in certain issuances and distributions (subject to certain limitations and restrictions), including certain stock dividends and splits, dilutive issuances of additional common stock, and dilutive issuances of, or changes in option price or rate of conversion of, options or convertible securities, as well as the issuance of purchase rights or distributions of assets during restricted period. "Restricted period" means the period commencing on the purchase date and ending on the earlier of (i) the date immediately following the 90th day after a registration statement registering for the securities has been declared effective by the SEC and (ii) the 90th day after the securities purchased are saleable under Rule 144 without the requirement for current public information and without volume or manner of sale limitations.

The Senior convertible notes and Warrants also provide for certain purchase rights whereby if the Company grants, issues, or sells any options, convertible securities, or rights to purchase stock, warrants, securities, or other property pro rata to the record holders of any class of common stock, then the holder will be entitled to acquire such purchase rights which the holder could have acquired if the holder had held the number of shares of common stock acquirable upon complete exercise of the Warrant.

The Senior convertible notes that remained unconverted (in amount of \$20.3 million as of September 30, 2024 and in amount of \$3.8 million as of December 31, 2024) and relevant accumulated interest were in cross-default due to the non-payment of portion of the loan that matured in September 2024 and the interest rate increased from 15% to 20% starting from October 1, 2024. The Company has elected to continue to amortize the related debt discounts over the original loan terms because the creditors have not and are not expected to demand immediate repayment in cash.

In October 2024, the Company issued an additional aggregate principal amount of approximately \$ 0.6 million of senior secured convertible notes under additional investment rights pursuant to the existing Securities Purchase Agreement dated May 14, 2024. In conjunction with the Notes, the Company issued 38 warrants (giving retroactive effect to reverse stock split, see *Note 1 - Description of business and basis of presentation*). These Notes have identical terms and conditions to those previously issued and described above, including maturity in 4 months.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

In November 2024, the Company entered into a settlement agreement related to outstanding Senior convertible notes and accumulated interest, under a Securities Purchase Agreement dated May 14, 2024. The settlement involved the issuance of shares of Mullen's common stock, which would satisfy the claims in full. In December 2024, the Circuit Court of the 11th Judicial Circuit, Miami-Dade County, Florida approved a settlement agreement between the Company and holders of the Senior convertible notes. Settlement terms under this agreement were identical to the conversion terms of the original Senior convertible notes as described above, including the conversion price floor of \$1.16, not subject to adjustment.

During the three months ended December 31, 2024, notes with a carrying amount of \$15.5 million and interest with a carrying amount of \$1.2 million have been converted to 197,947 shares of common stock, and issuance of 24,425 shares of common stock upon additional conversion of notes with carrying amount of \$1.7 million was registered in January 2025 (giving retroactive effect to reverse stock split, see *Note 1 - Description of business and basis of presentation*). By the date these financial statements are available to be issued, almost full amount of the Senior convertible notes and accumulated interest, that were outstanding on September 30, 2024, and received in October 2024, has been converted to shares of common stock under Section 3(a)(10) of the Securities Act of 1933.

As of December 31, 2024, the outstanding Senior convertible notes in default amounted to \$3.8 million (with debt discount to Senior convertible notes of \$0.6 million) were potentially convertible into 54,353 shares of common stock. Conversion of the notes depends on the lowest daily volume weighted average price of the Company's common stock ("VWAP") subject to a \$1.16 floor (not subject to adjustment for reverse stock splits), and by December 31, 2024 the lowest volume weighted average price (unadjusted to reverse stock split of February) was lower than the floor. If the February 2025 1:60 reverse stock split was made effective before December 31, 2024, these notes would have been theoretically convertible into 67,847 shares of common stock. If the lowest daily VWAP in the five trading days prior to December 31, 2024, was \$1 less (and the February 2025 1:60 reverse stock split was made effective before December 31, 2024), the Company, upon full conversion of outstanding notes, would theoretically be liable to issue approximately 1,176 shares more. If the lowest daily VWAP in the five trading days prior to December 31, 2024, was \$1 higher (and the February 2025 1:60 reverse stock split was made effective before December 31, 2024), the Company, upon full conversion of outstanding notes, would theoretically be liable to issue approximately 1,137 shares less. The maximum number of shares that could theoretically be issued upon conversion of these notes, was 54,353, and would have been 3,261,181 if the February 2025 1:60 reverse stock split was made effective before December 31, 2024 (if the lowest daily VWAP in the five trading days prior to conversion date decreased to or below \$1.16).

***Senior secured convertible notes issued in December 2024***

On December 12 and 13, 2024, the Company issued an additional aggregate principal amount of approximately \$4.6 million (or \$4.4 million including the 5% original issue discount) of senior secured convertible notes under additional investment rights pursuant to the existing Securities Purchase Agreement dated May 14, 2024. In conjunction with the Notes, the Company issued 281 five-year warrants (giving retroactive effect to reverse stock split). These Notes have identical terms and conditions to those previously issued and described above, including maturity in 4 months. In conjunction with this transaction, the Company entered into an Additional Investment Rights Agreement, granting investors the right, through December 12/13, 2025, to purchase up to \$4.6 million in additional Notes and related Warrants on similar terms. These additional investment rights are subject to shareholders' approval.

As of December 31, 2024, the outstanding Senior convertible notes issued on December 12, 2024 under the initial May 14, 2024 contract, amounted to \$4.6 million (with debt discount to Senior convertible notes of \$4.6 million) were potentially convertible into 66,519 shares of common stock. Conversion of the notes depends on the lowest daily volume weighted average price of the Company's common stock ("VWAP") subject to a \$1.16 floor (not subject to adjustment for reverse stock splits), and by December 31, 2024 the lowest volume weighted average price (unadjusted to reverse stock split of February) was lower than the floor. If the February 2025 1:60 reverse stock split was made effective before December 31, 2024, these notes would have been theoretically convertible into 78,881 shares of common stock. If the lowest daily VWAP in the five trading days prior to December 31, 2024, was \$1 less (and the February 2025 1:60 reverse stock split was made effective before December 31, 2024), the Company, upon full conversion of outstanding notes, would theoretically be liable to issue approximately 1,439 shares more. If the lowest daily VWAP in the five trading days prior to December 31, 2024, was \$1 higher (and the February 2025 1:60 reverse stock split was made effective before December 31, 2024), the Company, upon full conversion of outstanding notes, would theoretically be liable to issue approximately 1,391 shares less. The maximum number of shares that could theoretically be issued upon conversion of these notes, was 66,519, and would be 3,991,130 if the February 2025 1:60 reverse stock split was made effective before December 31, 2024 (if the lowest daily VWAP in the five trading days prior to conversion date decreased to or below \$1.16).

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

On December 26 and December 30, 2024, the Company issued an additional aggregate principal amount of approximately \$ 4.2 million (or \$4.0 million including the 5% original issue discount) of senior secured convertible notes under additional investment rights pursuant to the existing Securities Purchase Agreement dated May 14, 2024, and issued of 137,599 five-year warrants. Except as set forth below, these notes and warrants have the similar terms and conditions as those previously issued (see above), including maturity in 4 months. However, these notes may be converted into shares of common stock at the lower of (i) \$61.20, (ii) 95% of the closing sale price of the common stock on the date that the Initial Registration Statement is declared effective, or (iii) 95% of the lowest daily volume weighted average price in the five trading days prior to such conversion date, provided that the conversion price will not be less than \$0.21 per share (not subject to adjustment for reverse stock splits and similar transactions).

The new Additional Investment Rights granted in December as well as the notes and warrants issued on December 26 and December 30, 2024 are subject to stockholder approval under Nasdaq Listing Rule 5635(d), as the aggregate potential issuances could exceed 20% of the Company's outstanding common stock. Accordingly, this matter will be presented for stockholder approval at the Company's Annual Meeting currently scheduled for March 2025. If approval is not obtained, the issuance of additional shares under the Notes and Warrants will be limited as per Nasdaq requirements to approximately 56 thousand shares of common stock.

As of December 31, 2024, the outstanding Senior convertible notes issued on December 26 and December 30, 2024, amounted to \$4.2 million (with debt discount to Senior convertible notes of \$4.2 million) were potentially convertible into 75,515 shares of common stock (subject to shareholders approval, see above). Conversion of the notes depends on the lowest daily volume weighted average price of the Company's common stock ("VWAP") subject to a \$0.21 floor. If the lowest daily VWAP in the five trading days prior to December 31, 2024, was \$1 less, the Company, upon full conversion of outstanding notes, would theoretically be liable to issue approximately 1,309 shares more. If the lowest daily VWAP in the five trading days prior to December 31, 2024, was \$1 higher, the Company, upon full conversion of outstanding notes, would theoretically be liable to issue approximately 1,265 shares less. The maximum number of shares that could theoretically be issued upon conversion of these notes was 20,050,124 (if the lowest daily VWAP in the five trading days prior to such conversion date decreased to or below \$0.21 and subject to shareholders approval, see above).

Upon initial recognition of all December 2024 Senior convertible notes, the fair value of issued warrants exceeded the amount of proceeds (see *Note 8 - Warrants and other derivative liabilities and fair value measurements* ). The resulting discount to the carrying amount of the Senior convertible notes is amortized over the life of the note and recognized as interest expense under the effective interest method during the 4 months after the date of the relevant tranche.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 8 – WARRANTS AND OTHER DERIVATIVE LIABILITIES AND FAIR VALUE MEASUREMENTS**

ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed and is determined based on the lowest level input that is significant to the fair value measurement.

**Financial Instruments at Carrying Value That Approximated Fair Value**

Certain financial instruments that are not carried at fair value on the consolidated balance sheets are carried at amounts that approximate fair value, due to their short-term nature and credit risk. These instruments include cash and cash equivalents and accounts payable. Accounts payable are short-term in nature and generally are due upon receipt or within 30 to 90 days.

**Non-Financial Assets Measured at Fair Value on a Non-Recurring Basis**

Non-financial assets are only required to be measured at fair value when acquired as a part of business combination or when an impairment loss is recognized. All these valuations are based on Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of these assets or liabilities.

**Financial Liabilities Other than Measured at Fair Value on a Recurring Basis**

Fair value of financial liabilities of the Company, other than those measured at fair value on a recurring basis, is disclosed in the *Note 7 - Debt*.

**Financial Liabilities Measured at Fair Value on a Recurring Basis**

During the three months ended December 31, 2024, the Company had the following financial liabilities measured at fair value on a recurring basis:

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*Warrants issued with the Senior secured convertible notes (and additional investment rights)*

As described in the *Note 7 - Debt*, in connection with the issuance of the Senior convertible notes under May 14, 2024 contract, the holders also received 5-year warrants exercisable for 200% of the shares of common stock underlying such Senior convertible notes at an exercise price equal to 105% of the closing sale price of the common stock on the execution date (i.e., \$6.07, after the reverse stock splits - \$36,420), subject to further adjustment. The Warrants also provide for cashless exercise pursuant to which the holder will receive upon exercise a "net number" of shares of common stock determined according to the following formula:

$$\text{Net Number} = (A \times B) / C$$

For purposes of the foregoing formula:

A= The total number of shares with respect to which the Warrant is then being exercised.

B= The Black Scholes Value (as described below).

C= The lower of the two Closing Bid Prices of the common stock in the two days prior the time of such exercise (as such Closing Bid Price is defined therein), but in any event not less than \$60 (after reverse stock splits, see *Note 1 - Description of business and basis of presentation* ).

For purposes of the cashless exercise, "Black Scholes Value" means the Black Scholes value of an option for one share of common stock at the date of the applicable cashless exercise. As such, the Black Scholes value is determined and calculated using the Black Scholes Option Pricing Model obtained from the "OV" function on Bloomberg utilizing (i) an underlying price per share equal to the Exercise Price, as adjusted (i.e., \$6.07, after the reverse stock split - \$36,420), (ii) a risk-free interest rate corresponding to the U.S. Treasury rate, (iii) a strike price equal to the Exercise Price in effect at the time of the applicable cashless exercise (i.e., \$6.07, after the reverse stock split - \$36,420), (iv) expected volatility equal to 135%, and (v) a deemed remaining term of the Warrant of five years (regardless of the actual remaining term of the Warrant).

The warrant contracts provide that if the Company issues or sells, enters into a definitive, binding agreement pursuant to which the Company is required to issue or sell or is deemed, pursuant to the provisions of the warrants, to have issued or sold, any shares of common stock for a price per share lower than the exercise price then in effect, subject to certain limited exceptions, then the exercise price of the warrants shall be reduced to such lower price per share. In addition, the exercise price and the number of shares of common stock issuable upon exercise of the warrants are subject to adjustment in connection with stock splits, dividends or distributions or other similar transactions.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The Company will have the option to require the holders to exercise the Warrants for cash if, at any time, the following conditions are met: (i) the registration statement covering the securities has been declared effective is effective and available for the resale of the securities and no stop-order has been issued nor has the SEC suspended or withdrawn the effectiveness of the registration statement; (ii) the Company is not in violation of any of the rules, regulations or requirements of, and has no knowledge of any facts or circumstances that could reasonably lead to suspension in the foreseeable future on, the principal market; and (iii) the VWAP for each trading day during the 10 trading day period immediately preceding the date on which the Company elects to exercise this option is 250% above the exercise price.

Out of the 3,957 warrants (hereinafter - giving effect to the reverse stock splits, see *Note 1 - Description of business and basis of presentation*) issued as part of consideration for the funds provided under the \$50 million senior secured Senior convertible notes contract and additional investment right, 2,859 warrants remained unexercised as of September 30, 2024, with a carrying value of \$79.7 million.

These warrants were recognized as liabilities due to requirements of ASC 480 as the variable number of shares to be issued upon cashless exercise (deemed the predominant exercise option) is based predominantly on a fixed monetary value. The warrant liabilities were classified as derivative liabilities when requirements of ASC 815 were met. The warrant liabilities for the remaining unexercised warrants are carried forward subsequently at fair value and the gain or loss from revaluation is recorded within the line item "Gain/(loss) on warrants and derivative liability revaluation" at each warrant exercise date and each accounting period end.

During the three months ended December 31, 2024, the Company issued 319 warrants as part of consideration for the \$5 million provided under the Additional investment right of the May 14, 2024 contract in October and on December 12, 2024 (see *Note 7 - Debt*).

Upon initial recognition, the fair value of these warrants was \$ 10.3 million and exceeded the amount of proceeds. The resulting discount to the carrying amount of the Senior convertible notes is amortized over the life of the note and recognized as interest expense under the effective interest method during the 4 months after the date of the relevant tranche. Excess of initial fair value of warrant liabilities over the cash proceeds is presented in the condensed consolidated statement of operations as "Other financing costs - initial recognition of warrants".

During the three months ended December 31, 2024, a part of these warrants in amount 210 (giving effect to the reverse stock split) was exercised on a cashless basis and 23,485 shares of common stock were issued by the Company by December 31, 2024 and 49,545 shares were issued after December 31, 2024.

On December 31, 2024, the Company also issued 320 warrants as part of consideration for the \$5 million receivable under additional investment right (similarly, to other investments, the Company has also issued a 5% original issue discount senior secured convertible note with a principal of \$ 5.3 million, with the terms similar to other May 14 notes, see *Note 7 - Debt* above). This amount was paid by the investor later, on January 2, 2025. The \$5 million due from investor was recorded as other current assets in the condensed consolidated balance sheets. Upon initial recognition, the fair value of these warrants was \$11.3 million (based on the market price the day before transaction) and exceeded the amount of proceeds. Excess of initial fair value of warrant liabilities over the cash proceeds is presented in the condensed consolidated statement of operations as "Other financing costs - initial recognition of warrants". The Company has also provided additional investment rights to the investor for 1 year for the same amount under similar conditions but based on market prices of the investment right execution. These additional investment rights are subject to shareholders' approval.

Exercise of remaining warrants (on a cash or cashless basis) is available to investors for a period of approximately 4.5 - 5 years. Outstanding warrants in amount of 3,288 with carrying value of \$126.8 million as of December 31, 2024 were potentially exercisable (under cashless basis) for approximately 1,760,968 shares of common stock.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

As described above, number of shares issuable upon cashless exercise of warrants depends on closing bid price in the last 2 trading days, subject to floor of \$60 (after reverse stock splits), and by December 31, 2024 the lowest closing bid price (unadjusted to reverse stock split of February) was lower than the floor. Therefore, if the lowest closing bid price in the last 2 days prior to December 31, 2024 was \$1 lower or \$1 higher, the Company, upon full exercise of outstanding warrants, would potentially be liable to issue the same number of shares, which is the maximum number of shares that that could theoretically be issued upon exercise of all these warrants due to the floor fixed at \$60 (after reverse stock splits).

*Additional warrants issued in December 2024*

On December 26 and December 30, 2024, the Company received \$4 million investments under the additional investment right and issued 137,599 warrants (hereinafter - giving retroactive effect to reverse stock split). These warrants have terms similar to those described above, except for the following main differences: (a) the floor in the lower of the two Closing Bid Prices of the common stock in the two days prior the time of cashless exercise has been decreased to \$0.6 (after reverse stock split), and (b) exercise price of the warrants was reset and amounted to \$67 (after reverse stock split).

Upon initial recognition, the fair value of these warrants was \$ 8.2 million and exceeded the amount of proceeds. Excess of initial fair value of warrant liabilities over the cash proceeds is presented in the condensed consolidated statement of operations as "Other financing costs - initial recognition of warrants".

These warrants were outstanding on December 31, 2024, and had a carrying value of \$10.2 million. They were potentially exercisable (under cashless basis) for 141,670 shares of common stock and their exercise (on a cash or cashless basis) is available to investors for a period of approximately 5 years.

As described above, number of shares upon cashless exercise of these warrants depends on closing bid price in the last 2 days, subject to floor of \$0.60. If the lowest closing bid price in the last 2 days prior to December 31, 2024 was \$1 less (and the February 2025 1:60 reverse stock split was made effective before December 31, 2024), the Company, upon full exercise of these warrants, would potentially be liable to issue approximately 2,067 shares more. If the lowest closing bid price in the last 2 days prior to December 31, 2024 was \$1 higher (and the February 2025 1:60 reverse stock split was made effective before December 31, 2024), the Company, upon full exercise of these warrants, would potentially be liable to issue 2,839 shares less. The maximum number of shares that could theoretically be issued upon exercise of these warrants was 13,559,182 (if the lowest closing bid price in the last 2 days prior to such date decreased to or below \$0.60).

The conversion of warrants issued pursuant to the new investments referred to above is subject to stockholder approval under Nasdaq Listing Rule 5635(d), as the aggregate potential issuances could exceed 20% of the Company's outstanding common stock. Accordingly, the maximum number of shares that can be issued upon their exercise (and upon conversion of relevant notes) is limited to approximately 56,268 shares of common stock until stockholder approval is obtained.

The fair value of warrants (based on observable inputs, level 2) on recognition date and on subsequent dates was estimated by the Company as current market value (on the day before transaction and on the end of the relevant period) of the number of shares the Company would be required to issue upon cashless warrant exercise (as a predominant exercise option providing higher economic benefits to investors and reflecting the pattern of the warrants exercise since the inception of the contracts) in accordance with warrant contract requirements.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Breakdown of items recorded at fair value on a recurring basis in consolidated balance sheets by levels of observable and unobservable inputs as of December 31, 2024 and on September 30, 2024 is presented below:

	December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities recorded at fair value on a recurring basis	\$ 136,989,818	\$ —	\$ 136,989,818	\$ —
	September 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities recorded at fair value on a recurring basis	\$ 79,742,180	\$ —	\$ 79,742,180	\$ —

A summary of all changes in liabilities recorded at fair value on a recurring basis is presented below:

<b>Balance, September 30, 2024</b>	\$ 79,742,180
Warrants recognized upon issuance of convertible instruments	29,841,846
Loss / (gain) on revaluation	34,629,787
Reclassification to liability to issue shares upon unfinished warrant exercise on period end	(3,269,972)
Conversions of derivatives into common shares	(3,954,023)
<b>Balance, December 31, 2024</b>	<b>\$ 136,989,818</b>
<b>Balance, September 30, 2023</b>	\$ 64,863,309
Loss / (gain) on derivative liability revaluation	6,728,980
Conversions of warrants into common shares	(50,877,669)
<b>Balance, December 31, 2023</b>	<b>\$ 20,714,620</b>

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 9 – STOCKHOLDERS' EQUITY**

**Common Stock**

At December 31, 2024, the Company had 5 billion shares of common stock authorized with \$ 0.001 par value per share.

As described in detail in *Note 1 - Description of Business and Basis of Presentation* above, the Company has effectuated several reverse stock splits. All stock splits resulted in the reduction of shares of common stock issued and outstanding and did not affect authorized common stock or preferred stock.

The holders of common stock are entitled to one vote for each share of common stock held at all meetings of stockholders. In the event of a liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, the common stockholders are entitled to receive the remaining assets following the distribution of liquidation preferences, if any, to the holders of our preferred stock. The holders of common stock are not entitled to receive dividends unless declared by our Board. To date, no dividends have been declared or paid to the holders of common stock.

**Change in Control Agreements**

On August 11, 2023, the Board of Directors approved, and the Company entered, Change in Control Agreements with each non-employee director and Chief Executive Officer. Pursuant to the Change in Control Agreements with each non-employee director, upon a change in control of the Company, any unvested equity compensation will immediately vest in full and such non-employee director will receive \$5 million. Pursuant to the Agreement with CEO, upon a change in control of the Company, any unvested equity compensation will immediately vest in full and CEO will receive an aggregate percentage of the transaction proceeds as follows: 10% of the transaction proceeds that are up to and including \$ 1 billion; plus, an additional 5% of transaction proceeds that are more than \$1 billion and up to \$1.5 billion; and an additional 5% of transaction proceeds that are more than \$ 1.5 billion. A change in control, as defined in the agreements occurs upon (i) any person becoming the beneficial owner of 50% or more of the total voting power of the Company's then outstanding voting securities, (ii) a change in the composition of the Board, as a result of which fewer than a majority of the directors are Incumbent Directors (as defined in the Change in Control Agreements), or (iii) the consummation of a merger or consolidation of the Company (except when the total voting power of the Company continues to represent at least 50% of the surviving entity), any liquidation, or the sale or disposition by the Company of all or substantially all of its assets.

**Stockholder Rights Agreement and Series A-1 Junior Participating Preferred Stock**

On May 1, 2024, the Company entered into a Rights Agreement with Continental Stock Transfer & Trust Company as the rights agent. The Board of Directors declared a dividend of one preferred share purchase right (a "Right") for each share of common stock and each outstanding share of preferred stock company payable to holders of record as of the close of business on May 13, 2024. Each Right entitles the registered holder to purchase one ten-thousandth of a share of Series A-1 Junior Participating Preferred Stock ("A-1 Preferred Stock") of the Company at a price of \$ 30.00 per one ten-thousandth of a share of A-1 Preferred Stock, subject to adjustment (the "Exercise Price"). The Rights are not exercisable until the Distribution Date (as defined below). The description and terms of the Rights are set forth in the Rights Agreement.

The Rights will not be exercisable until the earlier of ten days after a public announcement by us that a person or group has acquired 10% or more of the shares of common stock (an "Acquiring Person") and ten business days (or a later date determined by our board of directors) after a person or group begins a tender or an exchange offer that, if completed, would result in that person or group becoming an Acquiring Person (the earlier of such dates being herein referred to as the "Distribution Date"). At any time after a person becomes an Acquiring Person, the Board of Directors may, at its option, exchange all or any part of the then outstanding and exercisable Rights for shares of common stock at an exchange ratio of one share of common stock for each Right, subject to adjustment as specified in the Rights Agreement. Notwithstanding the foregoing, the Board of Directors generally will not be empowered to effect such exchange at any time after any person becomes the beneficial owner of 50% or more of the common stock of the Company. The Rights will expire on May 1, 2025, unless previously redeemed or exchanged by the Company. The Rights Agreement is designed to enable all Company stockholders to realize the long-term value of their investment and is intended to protect Mullen and its stockholders from efforts by a single stockholder or group to obtain control of the Company without paying a control premium, see below for further details. The Rights have certain anti-takeover effects, including potentially discouraging a takeover that stockholders may consider favorable. Certain exemptions may apply to an Acquiring person. The Rights will cause substantial dilution to a person or group that attempts to acquire us on terms not approved by the Board of Directors.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Preferred Stock**

Under the terms of our Certificate of Incorporation, the Board may determine the rights, preferences, and terms of our authorized but unissued shares of Preferred Stock. Pursuant to the terms of its Second Amended and Restated Certificate of Incorporation, as amended, upon conversion of shares of Preferred Stock, such shares so converted are cancelled and not issuable. As of July 26, 2022, as a result of an amendment to its Certificate of Incorporation increasing its authorized Preferred Stock, the Company had 500,000,000 shares of Preferred Stock authorized with \$0.001 par value per share, and as of December 31, 2024, pursuant to its terms of Preferred Stock conversion, the Company had remaining 126,263,159 shares of Preferred Stock authorized. The reverse stock splits (see *Note 1 - Description of Business and Basis of Presentation* above) did not affect the number of shares of Preferred Stock authorized and outstanding, but the conversion ratios were proportionately adjusted to decrease the number of shares of common stock to be issued as a result.

The Company has designated Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock (see description below), Series E Preferred Stock (see a separate section below), Series AA Preferred Stock (cancelled, see below), and Series A-1 Junior Participating Preferred Stock (see *Stockholder Rights Agreement* above).

There were no transactions with Preferred Stock during the three months ended December 31, 2024 and during the three months ended December 31, 2023 as presented in the table below.

	Preferred Stock		Preferred Stock		Preferred Stock		Preferred Stock	
	Series A		Series C		Series D		Total	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Balance, October 1, 2023	648	\$ 1	1,211,757	\$ 1,212	363,097	\$ 363	1,575,502	\$ 1,576
<b>Balance, December 31, 2023</b>	<b>648</b>	<b>\$ 1</b>	<b>1,211,757</b>	<b>\$ 1,212</b>	<b>363,097</b>	<b>\$ 363</b>	<b>1,575,502</b>	<b>\$ 1,576</b>
Balance, October 1, 2024	648	\$ 1	458	\$ —	363,097	\$ 363	364,203	\$ 364
<b>Balance, December 31, 2024</b>	<b>648</b>	<b>\$ 1</b>	<b>458</b>	<b>\$ —</b>	<b>363,097</b>	<b>\$ 363</b>	<b>364,203</b>	<b>\$ 364</b>

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Redemption Rights**

The shares of Preferred Stock (hereinafter - other than Series E Preferred Stock) are not subject to mandatory redemption.

The Series C Preferred Stock and Series D Preferred Stock are voluntarily redeemable by the Company in accordance with the following schedule, provided that the issuance of shares of common stock issuable upon conversion has been registered and the registration statement remains effective:

- Year 1: No Redemption
- Year 2: Redemption at 120% of the Redemption Price
- Year 3: Redemption at 115% of the Redemption Price
- Year 4: Redemption at 110% of the Redemption Price
- Year 5: Redemption at 105% of the Redemption Price
- Year 6 and thereafter: Redemption at 100% of the Redemption Price

The Series C Preferred Stock and Series D Preferred Stock are redeemable by the Company for a Redemption price per share equal to the Issue Price (\$8.84 for Series C Preferred Stock and \$0.4379 for the remaining Series D Preferred Stock), plus all unpaid accrued and accumulated dividends on such share (whether or not declared), provided: (A) the Preferred Stock has been issued and outstanding for a period of at least one year, (B) the issuance of the shares of common stock underlying the Preferred Stock has been registered pursuant to the Securities Act and such registration remains effective, and (C) the trading price for the common stock is less than the Conversion Price for 20 trading days in any period of 30 consecutive trading days on the Nasdaq Capital Market.

**Dividends**

The holders of Series A and Series B Preferred Stock are entitled to non-cumulative dividends if declared by the Board of Directors. The holders of the Series A Preferred Stock and Series B Preferred Stock participate on a pro rata basis (on an "as converted" basis to common stock) in any cash dividend paid on common stock. No dividends have been declared or paid since issuance of these shares.

The Series C Preferred Stock originally provided for a cumulative 15.0% per annum fixed dividend on the Series C Original Issue Price plus unpaid accrued and accumulated dividends. On January 13, 2023, the Company and most holders of Series C Preferred Stock entered into a waiver agreement pursuant to which such holders irrevocably waived their right to receive any and all cumulative 15.0% per annum fixed dividends on such Preferred Stock, including all unpaid accrued and accumulated dividends.

The Series D Preferred Stock bears a 15.0% per annum fixed dividend accumulated and compounded monthly, payable no later than the 5th day after the end of each month on the Series D Original Issue Price plus unpaid accrued and accumulated dividends. Dividends on the Series D Preferred Stock are payable prior to any dividends on any other series of Preferred Stock or the common stock. The amount of Series D Preferred Stock dividends accumulated as of December 31, 2024 was approximately \$0.5 million.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The Company may elect to pay dividends for any month with a payment-in-kind ("PIK") election if (i) the shares issuable further to the PIK are subject to an effective registration statement, (ii) the Company is then in compliance with all listing requirements of NASDAQ and (iii) the average daily trading dollar volume of the Company's common stock for 10 trading days in any period of 20 consecutive trading days on the NASDAQ is equal to or greater than \$27.5 million.

**Liquidation, Dissolution, and Winding Up**

In the event of any Liquidation Event, the holders of the Series D Preferred Stock will be entitled to receive, prior and in preference to any distribution of the proceeds to the holders of the other series of Preferred Stock or the common stock by reason of their ownership thereof, an amount per share equal to the Series D Original Issue Price (\$0.4379 per share in respect of the outstanding Series D Preferred Stock) plus declared but unpaid dividends (none declared but unpaid dividends on December 31, 2024).

In the event of any Liquidation Event, the holders of the Series B Preferred Stock will be entitled to receive, after full execution of rights of the Series D Preferred Stockholders, and prior and in preference to any distribution of the proceeds to the holders of the other series of Preferred Stock or the common stock by reason of their ownership thereof, an amount per share equal to the Series B Original Issue Price plus declared but unpaid dividends (none declared but unpaid dividends on December 31, 2024).

Upon the completion of a distribution pursuant to a Liquidation Event to the Series D Preferred Stock and Series B Preferred Stock, the holders of the Series C Preferred Stock will be entitled to receive, prior and in preference to any distribution of the proceeds to the holders of the Series A Preferred Stock or the common stock by reason of their ownership thereof, an amount per share equal to the Series C Original Issue Price (\$8.84 per share) plus declared but unpaid dividends (none declared but unpaid dividends on December 31, 2024).

Upon the completion of a distribution pursuant to a Liquidation Event to the Series D Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock, the holders of Series A Preferred Stock are entitled to receive, prior and in preference to any distribution of any proceeds to the holders of the common stock, by reason of their ownership thereof, \$1.29 per share of each share of the Series A Preferred Stock, plus declared but unpaid dividends on such share (none declared but unpaid dividends on December 31, 2024). "Liquidation Event" is as defined in the Certificate of Incorporation and, subject to certain exceptions, includes a sale or other disposition of all or substantially all of the Company's assets, certain mergers, consolidations, and transfers of securities, and any liquidation, dissolution or winding up of the Company.

**Conversion**

The details on conversion rights of Preferred Stock are presented in the following table:

Class	Number of Shares	As converted to common stock	Votes/Share	Number of Votes
Common Stock	1,083,175	N/A	One/share	1,083,175
Series A Preferred Stock	648	4	One/share on an as-converted to common basis	4
Series B Preferred Stock	0	0	One/share on an as-converted to common basis	0
Series C Preferred Stock	458	1	One/share on an as-converted to common basis	1
Series D Preferred Stock	363,097	1	One/share, only protective voting	363,097
Series E Preferred Stock	0	0	One/share on an as-converted to common basis	0

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Each share of Series C Preferred Stock will automatically be converted into shares of common stock at the applicable conversion rate at the time in effect immediately upon (A) the issuance of shares of common stock underlying the Series C Preferred Stock being registered pursuant to the Securities Act of 1933 and such registration remaining effective, (B) the trading price for the Company's common stock being more than two times the Series C Conversion Price for 20 trading days in any period of 30 consecutive trading days on the Nasdaq Capital Market, and (C) the average daily trading dollar volume of the Company's common stock during such 20 trading days is equal to or greater than \$4.0 million.

Each share of Series D Preferred Stock will automatically be converted into shares of common stock at the applicable Conversion Rate at the time in effect immediately upon (A) the issuance of shares of common stock underlying the Series D Preferred Stock being registered pursuant to the Securities Act and such registration remaining effective, (B) the trading price for the Company's common stock being more than two times the Series D Conversion Price for 20 trading days in any period of 30 consecutive trading days on the Nasdaq Capital Market, and (C) the average daily trading dollar volume of the Company's common stock during such 20 trading days is equal to or greater than \$27.5 million.

**Voting Rights**

The holders of shares of common stock and Series A, Series B, Series C, and Series E Preferred Stock at all times vote together as a single class on all matters (including the election of directors) submitted to a vote of the stockholders; provided, however, that, any proposal which adversely affects the rights, preferences and privileges of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, or Series E Preferred Stock, as applicable, must be approved by a majority in interest of the affected series of Preferred Stock, as the case may be.

Each holder of common stock, Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and Series E Preferred Stock has the right to one vote for each share of common stock into which such Series B Preferred Stock and/or Series C Preferred Stock, as applicable, could be converted.

The holders of Series D Preferred Stock have no voting rights except for protective voting rights (one vote for each share) in cases such as approval of a liquidation event, authorization of the issue of securities having a preference over or parity with the Series D Preferred Stock with respect to dividends, liquidation, redemption or voting, entering a merger or consolidation, etc.

**Equity Line of Credit and ELOC Commitment Fees**

On May 21, 2024, the Company entered into the Equity Line of Credit (ELOC) Purchase Agreement with Esousa LLC (the "Investor"), pursuant to which the Investor agreed to purchase from the Company, at the Company's direction from time to time, in its sole discretion, from and after July 5, 2024, and until the earlier of (i) the 36-month anniversary of the Commencement Date of July 16, 2024, or (ii) the termination of the ELOC Purchase Agreement in accordance with the terms thereof, shares of common stock, having a total maximum aggregate purchase price of \$150 million, upon the terms and subject to the conditions and limitations set forth below. In connection with the ELOC Purchase Agreement, the Company also entered into a registration rights agreement, pursuant to which the Company agreed to file a registration statement and any additional registration statements, with the SEC covering the resale of the shares of the Company's common stock issued to Investor pursuant to the ELOC Purchase Agreement.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

After the Commencement Date (as defined above), on any business day selected by the Company, the Company may, from time to time and at its sole discretion, direct the Investor to purchase a number of shares of common stock that does not exceed 20% of the trading volume on the Nasdaq Stock Market on the applicable purchase date at a purchase price per share equal to 94% of the lower of (i) the lowest daily VWAP of any trading day during the 15 trading days before, and including, the purchase date; and (ii) the closing price of the Common Stock on the applicable purchase date.

The Company will control the timing and amount of any sales of its common stock to the Investor, and the Investor has no right to require the Company to sell any shares to it under the Purchase Agreement. Actual sales of shares of common stock to the Investor under the Purchase Agreement will depend on a variety of factors to be determined by the Company from time to time, including (among others) market conditions, the trading price of its common stock, and determinations by the Company as to available and appropriate sources of funding for the Company and its operations. The Investor may not assign or transfer its rights and obligations under the Purchase Agreement. The Company's right to direct the Investor to purchase shares is subject to certain conditions precedent, including continued listing on Nasdaq or another major stock exchange.

The Purchase Agreement prohibits the Company from directing the Investor to purchase any shares of common stock if those shares, when aggregated with all other shares of common stock, then beneficially owned by the Investor and its affiliates, would result in the Investor and its affiliates beneficially owning more than 9.99% of the then total outstanding shares of the Company's common stock.

The Purchase Agreement may be terminated by the Company at any time, at its sole discretion, without any cost or penalty. From and after the date of the Purchase Agreement until its termination, the Company agreed not to effect or enter into an agreement to effect any issuance by the Company or any of its subsidiaries of common stock or common stock equivalents (or a combination of units thereof), involving a Variable Rate Transaction (as defined in the Purchase Agreement), other than in connection with an exempt issuance as described in the Purchase Agreement. The Investor has agreed not to cause or engage in any manner whatsoever any direct or indirect short selling or hedging of the Company's common stock.

On July 5, 2024, the SEC declared effective a registration statement on Form S-1 registering 12,500 shares (giving effect to reverse stock splits) that can be issued in connection with the ELOC Purchase Agreement. On July 9, 2024, shareholders of the Company ratified the issuance of shares in excess of the 20% Exchange Cap.

As consideration for its commitment to purchase the Company's common stock under the ELOC Purchase Agreement, the Company agreed to issue shares of common stock equivalent to \$6.0 million (presented as "Other financing costs - ELOC commitment fee" in the consolidated statement of operations for the year ended September 30, 2024). In August and September 2024, the Company fully settled the commitment fee by issuing 4,132 shares of common stock (giving effect to reverse stock splits).

In October 2024, the Company issued 8,368 shares in accordance with the ELOC Purchase Agreement and received \$ 1 million proceeds.

**Noncontrolling interest**

See details in the *Note 16 - Noncontrolling interest*.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 10 – LOSS PER SHARE**

Earnings per common share ("EPS") is computed by dividing net income allocated to common stockholders by the weighted average shares of common stock outstanding. Diluted EPS is computed by dividing income allocated to common stockholders plus dividends on dilutive convertible preferred stock by the weighted-average shares of common stock outstanding plus amounts representing the dilutive effect of outstanding warrants and the dilution resulting from the conversion of convertible preferred stock, if applicable. For the three months ended December 31, 2024 and 2023, outstanding warrants, convertible debt, and shares of Preferred Stock were excluded from the diluted share count because the result would have been antidilutive under the "if-converted method."

The following table presents the reconciliation of net loss attributable to common stockholders to net loss used in computing basic and diluted net income per share of common stock (giving effect to the reverse stock splits – see *Note 1 - Description of Business and Basis of Presentation* ):

	<u>Three months ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Net loss attributable to common stockholders	\$ (114,888,557)	\$ (61,394,898)
Less: preferred stock dividends accrued	(24,728)	(21,303)
<b>Net loss used in computing basic net loss per share of common stock</b>	<b>\$ (114,913,285)</b>	<b>\$ (61,416,201)</b>
Net loss per share	\$ (661.33)	\$ (91,940.42)
Weighted average shares outstanding, basic and diluted	173,762	668
<i>Net loss per share, reported previously, before adjusting to reverse stock splits effectuated in September 2024 and February 2025, see Note 1 - Description of business and basis of presentation</i>	<i>N/A</i>	<i>\$ (15.32)</i>
<i>Weighted average shares outstanding, basic and diluted, reported previously, before adjusting to reverse stock splits effectuated in September 2024 and February 2025, see Note 1 - Description of business and basis of presentation</i>	<i>N/A</i>	<i>4,007,791</i>

**NOTE 11 – SHARE-BASED COMPENSATION**

The Company has an equity incentive plan that is a part of annual discretionary share-based compensation program for consultants, employees, directors, and officers. The Company has been issuing new shares of common stock under the share-based compensation programs, and cash has not been used to settle equity instruments granted under share-based payment arrangements. The remaining number of shares reserved for awards equity instruments under the Equity Incentives Plan to both employees and consultants on December 31, 2024 was 11,304,070 shares of common stock (not subject to reverse stock splits).

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

<b>Composition of Share-Based Compensation Expense</b>	<b>For the three months ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
CEO share based performance award liability revaluation and stock issuances	\$ 662,091	\$ 174,850
Share-based compensation to employees and directors	4,671,462	1,986,537
Share-based compensation to consultants (equity-classified)	3,492,921	1,066,548
Share-based compensation to consultants (liability-classified)	9,765,276	10,675,481
<b>Total share-based compensation expense</b>	<b>\$ 18,591,750</b>	<b>\$ 13,903,416</b>

***Employees of the Company***

Employees of the Company, including officers, are entitled to a number of shares of common stock specified in relevant offer letters and employment contracts and subject to the approval of our Board of Directors Compensation Committee. The total expense of share awards to employees represents the grant date fair value of the relevant number of shares to be issued. It is recognized in correspondence with additional paid-in capital over the service period. The majority of awards to employees are equity-classified. The liability related to liability classified stock-based compensation contracts with employees amounts to \$0.1 million on December 31, 2024. The Company has also accrued a liability (presented within "Accrued expenses and other current liabilities" in the consolidated balance sheets) in an amount of \$0.2 million to compensate employees for delay with the issuance of common stock per relevant offer letters and employment contracts.

***Consultants***

From time to time, the Company also issues share-based compensation to external consultants providing consulting, marketing, R&D, legal, and other services. The number of shares specified within individual agreements, or the monetary value of those shares, if applicable, is usually negotiated by our Chief Executive Officer and approved by the Compensation Committee of the Board of Directors. These costs are generally presented as professional fees within general and administrative, and certain qualifying costs may be presented as part of research and development expenses (\$ 0.7 million over the three months ended December 31, 2024).

A part of these share-based awards is classified as equity and accounted for, similar to stock-based compensation to employees. Another part of the Company's share-based awards to consultants is classified as liabilities, mainly if the number of shares a consultant is entitled to is predominantly based on monetary value fixed in the contract. An accrued part of liability, in this case, is revalued each period based on the part of the services performed and the market price of the shares of common stock of the Company until a sufficient number of shares is issued. The liability to consultants as of December 31, 2024 amounted to \$0.2 million. The Company generally practices prepayment for future services of the consultants by unrestricted shares of common stock. In this case, a prepaid asset is recognized on the balance sheet and is amortized over the period the consultant is delivering their services to the Company. These prepaid costs amounted to \$2.2 million as of December 31, 2024.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**CEO Award Incentive Plans**

The Company entered into a CEO Performance Stock Award Agreement, approved by the Board and by stockholders in 2022 ("2022 PSA Agreement") and a CEO Performance Stock Award Agreement, approved by the Board and by stockholders in 2023 ("2023 PSA Agreement"). Under these plans, the Chief Executive Officer is entitled to share-based awards generally calculated as 1-3% of the outstanding number of shares of common stock, issuable upon achievement of specific financial and operational targets (milestones). The costs (income) recognized within the line item "CEO share based performance award liability revaluation and stock issuance" in the table above represent both actual issuances of common stock under PSA Agreements and revaluation of these provisions for future probable awards. This share-based compensation is accrued over the service term when it is probable that the milestone will be achieved. The liability to issue stock (presented within non-current liabilities if the achievement is expected later than 12 months after the balance sheet date) is revalued on every balance sheet date based on the length of the service period, the current market price of the common stock, and on the number of shares of common stock outstanding - until the shares have been issued or until the fulfillment of the milestone requirements is no longer probable. As of December 31, 2024, the accrual for future awards under 2023 PSA Agreement amounted to approximately \$ 2.3 million.

**NOTE 12 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Provision for settlement expenses and legal fees	\$ 32,999,998	\$ 37,913,255
Tax payables	5,285,147	5,493,558
Accrued payroll	1,891,138	2,447,372
Accrued interest	43,719	2,395,190
Refund liability	3,805,906	763,160
Dividend payable	517,018	492,290
Accrued expense - other	2,094,797	2,107,341
<b>Total</b>	<b>\$ 46,637,723</b>	<b>\$ 51,612,166</b>

**NOTE 13 - LIABILITY TO ISSUE STOCK**

The liability to issue stock on December 31, 2024 in the amount of \$8.0 million represents mainly shares to be issued to investors upon exercises of warrants and conversion of notes that were requested before December 31, 2024 and have been completed in January 2025 (current liability in the amount of \$5.0 million), CEO incentive award provision to be settled in shares of common stock upon the achievement of specific targets (current liability in the amount of \$2.3 million), as well as certain liability-classified contracts with consultants (current liability in the amount of \$ 0.2 million), directors (current liability in amount of \$0.3 million) and other parties (current liability in amount of \$ 0.2 million).

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 14 – PROPERTY, PLANT, AND EQUIPMENT, NET**

Property, plant, and equipment consist of the following:

	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Buildings	\$ 49,695,071	\$ 50,007,998
Machinery and equipment	43,865,581	41,968,053
Construction-in-progress	2,755,306	3,183,451
Land	3,065,757	3,065,757
Other fixed assets	7,702,195	6,380,587
Total cost of assets excluding accumulated impairment	107,083,910	104,605,846
Less: accumulated depreciation	(26,287,012)	(22,425,580)
<b>Property, Plant, and Equipment, net</b>	<b>\$ 80,796,898</b>	<b>\$ 82,180,266</b>

Depreciation expense related to property, plant, and equipment for the three months ended December 31, 2024 and 2023 was \$3.9 million and \$3.0 million, respectively.

**NOTE 15 – PREPAID EXPENSES AND OTHER CURRENT ASSETS**

	<b>December 31, 2024</b>	<b>September 30, 2024</b>
<b>Prepaid expenses and other current assets</b>		
Due from investor (see Note 8)	\$ 5,000,000	\$ —
Prepaid expense	2,295,085	2,973,305
Prepaid services	2,656,814	4,000,720
Prepaid inventory	738,743	3,449,904
Customs surety bond paid	2,600,000	2,600,000
Prepaid trade shows	513,567	213,368
Other prepayments	1,492,825	1,561,256
<b>Total prepaid expenses and other current assets</b>	<b>\$ 15,297,034</b>	<b>\$ 14,798,553</b>

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 16 – NONCONTROLLING INTEREST**

In accordance with Stock purchase agreement signed on July 26, 2024, during the three months ended December 31, 2024, the Company, as part of activities to launch production in the Bollinger segment, invested an additional \$4.1 million in newly issued shares of Bollinger Motors, Inc, a majority owned subsidiary. This investment has been eliminated in the consolidated statement of cash flows but has adjusted noncontrolling interest in the consolidated balance sheets by \$0.5 million.

Noncontrolling interest as of September 30, 2024	\$ 12,010,149
Changes due to net losses of the subsidiary	(3,909,288)
Changes due to stock based compensation in the subsidiary	254,816
Changes due to additional investments of the Company	509,517
<b>Noncontrolling interest as of December 31, 2024</b>	<b>\$ 8,865,194</b>

**NOTE 17 – LEASES**

We have entered into various operating lease agreements for certain offices, manufacturing and warehouse facilities, and land. Operating leases led to recognition of right-of-use assets, and current and noncurrent portion of lease liabilities. These right-of-use assets also include any lease payments made and initial direct costs incurred at lease commencement and exclude lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. We have lease agreements that require payments for both lease and non-lease components and have elected to account for these as a single lease component. Certain leases provide for annual increases to lease payments based on an index or rate.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The table below presents information regarding our lease assets and liabilities.

	<b>December 31, 2024</b>	<b>September 30, 2024</b>
<b>Assets:</b>		
Operating lease right-of-use assets	\$ 2,955,081	\$ 3,041,485
<b>Liabilities:</b>		
Operating lease liabilities, current	(2,981,613)	(2,893,967)
Operating lease liabilities, noncurrent	(11,113,091)	(11,648,662)
Total lease liabilities	<u>\$ (14,094,704)</u>	<u>\$ (14,542,629)</u>
<b>Weighted average remaining lease terms:</b>		
Operating leases (in years)	4.96	5.10
<b>Weighted average discount rate:</b>		
Operating leases	28%	28%
Cash paid for amounts included in the measurement of lease liabilities	1,492,560	859,234

	<b>For the Three Months Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Operating lease costs:		
Fixed lease cost	\$ 1,127,214	\$ 1,316,045
Variable and short-term lease cost	83,369	56,696
Sublease income	—	(167,163)
<b>Total operating lease costs</b>	<u>\$ 1,210,583</u>	<u>\$ 1,205,578</u>

The following table reflects the maturities of operating lease liabilities on December 31, 2024:

<b>Years ending September 30,</b>	
2025 (9 months)	\$ 4,950,794
2026	5,022,622
2027	5,000,409
2028	4,827,540
2029	1,358,041
Thereafter	5,994,883
Total lease payments	\$ 27,154,289
Less: imputed interest	(13,059,585)
<b>Carrying amount of lease liabilities</b>	<u>\$ 14,094,704</u>

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 18 – RELATED PARTY TRANSACTIONS**

***Director Provided Services***

For the three months ended December 31, 2024, our non-employee directors earned compensation for service on our Board of Directors and associated committees of \$106 thousand in cash and \$152 thousand in shares of common stock.

In addition, the following non-employee directors were engaged in certain other consulting contracts with the Company:

*William Miltner*

William Miltner is a litigation attorney who provides legal services to the Company. Mr. Miltner is also an elected Director of the Company. For the three months ended December 31, 2024, Mr. Miltner was entitled to \$142 thousand in legal fees.

*Mary Winter*

Mary Winter, Corporate Secretary and Director, is compensated for Corporate Secretary responsibilities at \$ 5 thousand per month. For the three months ended December 31, 2024, Ms. Winter was entitled to \$ 15 thousand in consulting fees.

**NOTE 19 – CONTINGENCIES AND CLAIMS**

Occasionally, we are subject to asserted and actual claims and lawsuits arising in the ordinary course of business. Company management reviews any such legal proceedings and claims on an ongoing basis and follows appropriate accounting guidance when making accrual and disclosure decisions. As required by ASC 450, we recognize accruals for contingencies when incurrence of a loss is probable (likely to occur) and can be reasonably estimated, and disclose the amount accrued and the amount of a reasonably possible loss over the amount accrued if such disclosure is necessary for our consolidated financial statements. When the likelihood is not probable or when the likelihood is probable but the amount cannot be reasonably estimated, liabilities are not recognized. To estimate whether a loss contingency should be accrued, management evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the loss.

The outcomes of our legal proceedings and other contingencies are inherently unpredictable, subject to significant uncertainties. They could be material to our operating results and cash flows for a particular period. At least quarterly, we evaluate developments in our legal proceedings and other contingencies that could affect the amount of liability, including amounts over any previous accruals and reasonably possible losses disclosed, and make adjustments and changes to our accruals and disclosures as appropriate. For the matters disclosed below without an estimate of the amount of loss or range of losses, such an estimate is not possible or is immaterial, and we may be unable to estimate the possible loss or range of losses that could potentially result from the application of non-monetary remedies. Until the final resolution of such matters, if any of our estimates and assumptions change or prove to have been incorrect, we may experience losses over the amounts recorded, which could have a material effect on our business, consolidated financial position, results of operations, or cash flows.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

***The GEM Group***

On September 21, 2021, the GEM Group filed an arbitration demand and statement of claim against Mullen seeking declaratory relief and damages. This matter arises out of an alleged breach of a securities purchase agreement dated November 13, 2020. On November 17, 2023, the arbitrator issued the Partial Final Award on Liability finding that Mullen and Mullen Technologies, Inc. ("MTI") had repudiated and breached the securities purchase agreement and a related agreement (the "GEM Agreements"). On January 29, 2024, the parties completed the briefing on the issues of damages and allocation. On May 10, 2024, the arbitrator issued his final award, awarding the GEM Group \$ 26.8 million in damages for breach of the relevant agreements, and \$ 3.8 million in attorney fees and certain administrative costs. The unpaid amount also generates interest at 9% per annum.

On August 3, 2023, the Arbitrator ordered Mullen to deposit \$7.0 million into an interest-bearing escrow account with a commercial bank or brokerage firm. That amount has been released to the GEM Group. On January 24, 2024, the arbitrator ordered Mullen to deposit an additional \$24.1 million into escrow on or before March 9, 2024. The GEM Group has moved in the United States District Court to confirm that second interim order. On June 11, 2024, the United States District Court confirmed that order.

On or about On December 28, 2023, Mullen and MTI filed a complaint against the GEM Group and Christopher F. Brown in the United States District Court for the Southern District of New York alleging, among other things, that the GEM Group and Mr. Brown engaged in an unlawful securities transaction under the federal securities laws by entering into the GEM Agreements while the GEM Group was operating as an unregistered dealer. The complaint seeks an order declaring, among other things, that the GEM Agreements are void ab initio. On April 8, 2024, the District Court stayed that action.

On or about July 10, 2024, Mullen moved in the United States District Court for the Southern District of New York for an order vacating the arbitration awards and denying GEM's anticipated motion to confirm those awards. On or about August 7, 2024, GEM filed an opposition to Mullen's motion to vacate and cross-moved to confirm the arbitration awards. On or about August 21, 2024, Mullen filed a reply to GEM's opposition. On February 6, 2025, The District Court affirmed the arbitration award and denied Mullen's motion to vacate the award, ordering that the award be satisfied no later than May 7, 2025.

The Company has accrued \$30.8 million as a probable settlement expense as of December 31, 2024 (in addition to \$7 million that has been paid earlier).

***Mullen Stockholder Litigation***

In re Mullen Automotive Inc. Securities Litigation.

On May 5, 2022, Plaintiff Margaret Schaub, a purported stockholder, filed a putative class action complaint in the United States District Court for the Central District of California against the Company, as well as its Chief Executive Officer, David Michery, and the Chief Executive Officer of a predecessor entity, Oleg Firer (the "Schaub Lawsuit"). The Schaub Lawsuit was brought by Schaub both individually and on behalf of a putative class of purchasers of the Company's securities, claiming false or misleading statements regarding the Company's business partnerships, technology, and manufacturing capabilities, and alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 promulgated thereunder.

On September 23, 2022, a court-appointed lead plaintiff filed a Consolidated Amended Class Action Complaint against the Company, Mr. Michery, and the Company's predecessor, Mullen Technologies, Inc., premised on the same purported violations of the Exchange Act and Rule 10b-5, seeking to certify a putative class of shareholders, and seeking an award of monetary damages, as well as reasonable fees and expenses. On August 14, 2024, the parties entered a Stipulation and Agreement of Settlement to settle the securities class action matter subject to payment of \$5.4 million by the Company and \$1.8 million by the Company's D&O insurers. The settlement is subject to the court's final approval.

The Company has paid \$1.4 million and accrued \$4 million as a probable remaining settlement expense as of December 31, 2024.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

In re Mullen Automotive Inc. Derivative Litigation.

On August 1, 2022, Jeff Witt and Joseph Birbigalia, purported stockholders, filed a derivative action in the United States District Court for the Central District of California against the Company as a nominal defendant, Mr. Michery, Mr. Firer, and current or former Company directors Ignacio Novoa, Mary Winter, Kent Puckett, Mark Betor, William Miltner and Jonathan New (the "Witt Lawsuit"). The Witt lawsuit asserts claims for breach of fiduciary duty, unjust enrichment, abuse of control, waste of corporate assets, and violation of Section 14 of the Exchange Act primarily in connection with the issues and claims asserted in the Schaub Lawsuit. The Witt Lawsuit seeks monetary damages, as well as an award of reasonable fees and expenses. The case currently is stayed.

On August 21, 2024, the parties entered a Stipulation and Agreement of Settlement to settle the derivative matter subject to certain governance enhancements and payment of \$500,000 in attorney's fees to be paid by the Company's D&O insurers. Notice of this settlement can be found on the Investor Relations page of the Company's website. Final approval of the settlement was granted by the court on January 24, 2025.

Chosten Caris v. David Michery.

On April 27, 2023, Chosten Caris, a purported stockholder, filed a complaint against Mr. Michery in the Eighth Judicial Circuit in and for Alachua County, Florida (the "Caris Lawsuit"). On May 17, 2023, Mr. Michery removed the Caris Lawsuit to the United States District Court for the Northern District of Florida. This lawsuit purports to seek damages for claims arising under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. The Caris Lawsuit is currently stayed.

No loss contingencies have been accrued in connection with this matter as of December 31, 2024, because the Company cannot reasonably estimate either the probability of a loss or its magnitude (if any) based on all information currently available to management.

Trinon Coleman v. David Michery et al.

On December 8, 2023, Trinon Coleman, a purported stockholder, filed a derivative action in the Court of Chancery for the State of Delaware against the Company as a nominal defendant, Mr. Michery, and Company directors Mr. Puckett, Ms. Winter, Mr. Betor, Mr. Miltner, and Mr. New (the "Coleman Lawsuit"). This lawsuit asserts claims for breach of fiduciary duty, insider trading, and unjust enrichment primarily in connection with the issues and claims asserted in the Schaub Lawsuit. The Coleman Lawsuit seeks to direct the Company to improve its corporate governance and internal procedures, and seeks monetary damages and an award of reasonable fees and expenses. The case currently is stayed.

No loss contingencies have been accrued in connection with this matter as of December 31, 2024, because the Company cannot reasonably estimate either the probability of a loss or its magnitude (if any) based on all information currently available to management.

Jennifer Maloney v. Mullen Automotive, Inc., et al.

On February 12, 2025, Plaintiff Jennifer Maloney, a purported stockholder, filed a putative class action complaint in the United States District Court for the Central District of California against the Company, as well as its Chief Executive Officer, David Michery, and its Chief Financial Officer, Jonathan New (the "Maloney Lawsuit"). The Maloney Lawsuit was brought by Maloney both individually and on behalf of a putative class of purchasers of the Company's securities, claiming false or misleading statements regarding the Company's business partnerships, technology, and financing, and alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 promulgated thereunder.

No loss contingencies have been accrued in connection with this matter as of December 31, 2024, because the Company cannot reasonably estimate either the probability of a loss or its magnitude (if any) based on all information currently available to management.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 20 – SUBSEQUENT EVENTS**

Company management has evaluated subsequent events through February 19, 2025, which is the date these financial statements were available to be issued. Except as discussed below, management has determined that there were no material subsequent events which required recognition, adjustment to or disclosure in the financial statements:

***Stock issuances after the balance sheet date***

After the balance sheet date and by February 17, 2025, the Company issued 678,841 shares of common stock, mainly upon exercise of warrants and conversion of notes described in the *Note 7* and *Note 8* above, and in accordance with contracts with consultants (*Note 11*).

***Additional investment right exercised for \$5 million***

As described in the *Note 8 - Warrants and other derivative liabilities and fair value measurements*, in January 2025, the Company received \$5.0 million as a payment for senior secured convertible notes with an aggregate principal amount of approximately \$5.3 million (or \$5.0 million including the 5% original issue discount) and 320 five-year warrants issued on December 31, 2024 pursuant to the existing additional investment rights under Securities Purchase Agreement dated May 14, 2024. These notes and warrants have terms and conditions identical to those previously issued (see *Note 8 - Warrants and other derivative liabilities and fair value measurements* and *Note 7 - Debt*). In connection with the purchase of the additional Notes and Warrants, the Company and the Investor entered into an Additional Investment Rights Agreement (pending shareholder's approval) whereby for a one-year period ending on December 31, 2025, the Investor has the right, but not the obligation, to purchase from the Company additional 5% Original Issue Discount Senior secured convertible notes in an aggregate principal amount of approximately \$5.3 million (or \$5.0 million including the 5% original issue discount), and related Warrants, on the same terms and conditions as provided in the Securities Purchase Agreement, except for resetting of conversion and exercise prices (and floors) of notes and warrants to subsequent market prices.

***Additional investments after the balance sheet date***

On January 23, 2025, the Company entered into a securities purchase agreement with certain investors for the sale of an aggregate principal amount of approximately \$6.3 million of Senior Secured Convertible Notes and 539,811 five-year warrants. These Notes and Warrants have terms similar to those described in the *Note 7* and *Note 8* above, with the following main differences: (1) conversion price of the notes will not be less than \$0.08 per share (not subject to adjustment), (2) exercise price of the warrants is \$26 (giving effect to reverse stock split, see *Note 1 - Description of business and basis of presentation*) and (3) the floor in cashless exercise of warrants (the lower of the two Closing Bid Prices of the common stock in the two days prior the time of exercise) is set at \$0.01 (not subject to adjustment).

On February 5, 2025, the Company entered into another securities purchase agreement with certain investors. Under this agreement, investors purchased \$3.1 million in 5% Original Issue Discount Secured Notes convertible into shares of common stock, alongside 419,649 five-year warrants. These Notes and Warrants have terms similar to those described in the *Note 7* and *Note 8* above, with the following main differences: (1) conversion price of the notes will not be less than \$0.05 per share (not subject to adjustment), (2) exercise price of the warrants is \$16 (giving effect to reverse stock split, see *Note 1 - Description of business and basis of presentation*) and (3) the floor in cashless exercise of warrants (the lower of the two Closing Bid Prices of the common stock in the two days prior the time of exercise) is set at \$0.01 (not subject to adjustment).

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Both investments are (1) subject to an exchange cap, preventing conversions that would exceed 19.9% of the outstanding common stock shares or voting power as of the agreement's execution, unless stockholder approval is obtained, (2) accompanied by registration rights agreements, and (3) provide the investors with additional investment rights under the same conditions for 1 calendar year (pending stockholders' approval).

***Warrant exchange contract***

On February 7, 2025, the Company and certain investors entered into a Warrant Exchange Agreement whereby the Company agreed to issue new warrants in exchange for the warrants listed in the subsections above and in the Note 8 - *Warrants and other derivative liabilities and fair value measurements*. The new warrants have the same terms and conditions as the existing warrants (described above and in the Note 8), including the number of shares issuable upon cash exercise and a term of five years from the date of original issuance, except that the exercise price floor in the formula for the cashless exercise of the new warrants is \$0.01, not subject to adjustment for stock dividends, subdivisions, or combinations (including reverse stock splits). The contract is subject to stockholder shareholder approval under Nasdaq Listing Rule 5635(d), as the aggregate potential issuances could exceed 20% of the Company's outstanding common stock.

***Reverse stock split***

On January 31, 2025, Mullen Automotive Inc. (the "Company") held a Special Meeting of Stockholders that approved amendment of the Company's Second Amended and Restated Certificate of Incorporation, to effect a reverse stock split of the Company's outstanding common stock at an exchange ratio between 1-for-2 to 1-for-100, as determined by the Board in order to maintain compliance with the Bid Price Rule. Nasdaq Listing Rule 5550(a)(2) requires listed companies to maintain a minimum bid price of at least \$1.00 per share.

On February 14, 2025, the Company filed a Certificate of Amendment to its Second Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to effect a one-for-sixty (1-for-60) the reverse stock split of its common stock (the "Reverse Stock Split"). The Reverse Stock Split became effective on February 18, 2025 at 12:01 am Eastern Time (the "Effective Time").

As a result of the Reverse Stock Split, at the Effective Time, every 60 shares of the Company's pre-Reverse Stock Split common stock combined and automatically became one share of common stock. The Company's common stock began trading on a split-adjusted basis when the Nasdaq Stock Market opened for trading on February 18, 2025. The common stock will continue to trade on the Nasdaq Stock Market under the existing symbol "MULN", but with a new CUSIP number of 62526P604. The Reverse Stock Split did not change the authorized number of shares or the par value of the common stock nor modify any voting rights of the Common Stock.

Also, at the Effective Time, the number of shares of common stock issuable upon conversion or exercise of notes, warrants, preferred stock, options and other convertible securities, as well as any commitments to issue securities, that provide for adjustments in the event of a reverse stock split was appropriately adjusted pursuant to their applicable terms for the Reverse Stock Split. If applicable, the conversion price for each outstanding note and for each outstanding share of preferred stock and the exercise price for each outstanding warrant was increased, pursuant to their terms, in inverse proportion to the 1-for-60 split ratio such that upon conversion or exercise, the aggregate conversion price for conversion of each note or preferred stock and the aggregate exercise price payable by the warrant holder to the Company for shares of common stock subject to such warrant would remain approximately the same as the aggregate conversion or exercise price, as applicable, prior to the Reverse Stock Split. Furthermore, pursuant to the terms of the Company's 2022 Equity Incentive Plan, as amended, shares of common stock available for issuance are not subject to adjustment as a result of the Reverse Stock Split.

**MULLEN AUTOMOTIVE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

No fractional shares were issued in connection with the Reverse Stock Split. All shares of common stock that are held by a stockholder were aggregated subsequent to the Reverse Stock Split and each fractional share resulting from such aggregation held by a stockholder was rounded up to the next whole share on a participant level.

**S-1 Registration Effective**

On February 7, 2025, the Securities and Exchange Commission (SEC) declared the Company's registration statement on Form S-1 effective (File No. 333-282516). This registration statement pertains to the resale of 833,333 shares of common stock by the selling stockholders (giving effect to the Reverse Stock Split, see above). The shares are issuable upon conversion of the Notes and exercise of the Warrants previously issued by the Company (see *Note 7 - Debt and Note 8 - Warrants and other derivative liabilities and fair value measurements*).

**Reduction in Workforce**

Effective February 1, 2025, the Company implemented a reduction in force affecting a total of 78 positions as part of its strategic initiatives to reduce operational costs and enhance financial efficiency. This measure is expected to result in annualized cost savings of approximately \$13 million, which includes savings from salaries and benefits of the positions eliminated.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*The following discussion and analysis is intended to help the reader understand Mullen 's results of operations and financial condition. You should read the following discussion and analysis of our financial condition and results of operations together with our audited financial statements and related notes included elsewhere in this Report.*

**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. 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, significant losses we have incurred since inception, and we expect that we will continue to incur losses for the foreseeable future; our ability to raise the substantial additional financing needed to execute our business plan, and a on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our production operations; our ability to continue as a going concern; our ability to maintain compliance with the continued listing requirements of the Nasdaq Capital Market; reliance on OEMs, suppliers and service providers for parts and components; our vehicles may fail to perform as expected; risks and uncertainties related to litigation, regulatory actions and government investigations and inquiries; changes in laws and regulations (domestically or internationally) that may materially adversely affect our business, prospects, financial condition and operating results; and other risks and uncertainties described under the section titled "Risk Factors" herein and in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024 (the "2024 Annual Report"), which was filed with the Securities and Exchange Commission on January 24, 2025.. 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 other factors described in this Report and 2024 Annual Report under the section titled "Risk Factors" 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 of operations, financial condition, 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.

**Basis of Presentation**

These interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Ottawa Automotive, Inc., a California corporation, Mullen Indiana Real Estate, LLC., a Delaware corporation, Mullen Investment Properties LLC, a Mississippi corporation, Mullen Advanced Energy Operations LLC, a California corporation and a majority ownership in Bollinger Motors, incorporated in Delaware. Intercompany accounts and transactions have been eliminated, if any. The financial statements reflect the consolidated financial position and results of operations of Mullen, which have been prepared in accordance with Generally Accepted Accounting Principles in the United States.

**Components of Results of Operations**

We are an early-stage company, and our historical results may not be indicative of our future results for reasons that may be difficult to anticipate. Accordingly, the drivers of our future financial results, as well as the components of such results, may not be comparable to our historical or projected results of operations.

[Table of Contents](#)

**Comparison of the Three Months Ended December 31, 2024 to the Three Months Ended December 31, 2023**

The following table sets forth our historical operating results for the periods indicated:

	Three Months Ended December 31,		
	2024	2023	\$ Change
Revenue from sale of vehicles	\$ 2,920,485	\$ —	\$ 2,920,485
Cost of revenues	6,588,933	—	6,588,933
<b>Gross loss</b>	<b>(3,668,448)</b>	<b>—</b>	<b>(3,668,448)</b>
<b>Operating expenses:</b>			
General and administrative	36,484,409	43,234,052	(6,749,643)
Research and development	11,282,375	16,169,967	(4,887,592)
<b>Loss from operations</b>	<b>\$ (51,435,232)</b>	<b>\$ (59,404,019)</b>	<b>\$ 7,968,787</b>
<b>Other income (expense):</b>			
Other financing costs - initial recognition of warrants	(16,078,622)	—	(16,078,622)
Gain/(loss) on warrants and derivative liability revaluation	(34,629,786)	(6,728,981)	(27,900,805)
Gain/(loss) on extinguishment of debt	1,553,771	—	1,553,771
Interest expense	(18,665,369)	(258,023)	(18,407,346)
Other income, net	457,993	671,406	(213,413)
Total other income (expense)	(67,362,013)	(6,315,598)	(61,046,415)
<b>Net loss before income tax benefit</b>	<b>\$ (118,797,245)</b>	<b>\$ (65,719,617)</b>	<b>\$ (53,077,628)</b>
Income tax benefit/ (provision)	(600)	1,726,238	(1,726,838)
<b>Net loss</b>	<b>(118,797,845)</b>	<b>(63,993,379)</b>	<b>(54,804,466)</b>
Net loss attributable to noncontrolling interest	(3,909,288)	(2,598,481)	(1,310,807)
<b>Net loss attributable to stockholders</b>	<b>\$ (114,888,557)</b>	<b>\$ (61,394,898)</b>	<b>\$ (53,493,659)</b>
Waived/(accrued) accumulated preferred dividends and other capital transactions with preferred stockholders	(24,728)	(21,303)	(3,425)
<b>Net loss attributable to common stockholders after preferred dividends and other capital transactions with preferred stockholders</b>	<b>\$ (114,913,285)</b>	<b>\$ (61,416,201)</b>	<b>\$ (53,497,084)</b>
Net Loss per Share (*)	(661.33)	(91,940.42)	
Weighted average shares outstanding, basic and diluted (*)	173,762	668	

(\*) Adjusted retroactively for reverse stock splits, see *Note 1 - Description of Business and Basis of Presentation*

## Table of Contents

### **Revenues**

We recognize revenue from the sale of electric vehicles upon the transfer of control to the dealer/customer. Normally, control transfers at the point of delivery when the dealer/customer has possession of the vehicle and bears the risks and rewards of ownership. However, a contract with one of our dealers includes return provision, allowing unsold vehicles to be returned after one year; and contracts with two of our dealers include return provisions, allowing unsold vehicles to be returned upon contract termination. For these arrangements, due to limited historical data on returns, we defer revenue recognition until the dealer sells the vehicles to end customers, or there is sufficient evidence to reasonably estimate the consideration to which we expect to be entitled. The \$3.0 million increase in revenue is primarily due to the sale of 20 Bollinger B4's during the quarter ended December 31, 2024.

The tables below disclose information on deliveries of vehicles, revenue recognized, and payments received from our customers over the recent period.

<b>Invoiced during the 3 months ended December 31, 2024 (dollars in thousands)</b>				
<b>Vehicle type</b>	<b>Units invoiced</b>	<b>Amount invoiced</b>	<b>Cash received</b>	<b>Revenue recognized</b>
Mullen 3 (UU)	11	706	2,852	32
Mullen Urban Delivery (UD1)	27	885	248	—
Bollinger B4	20	2,777	2,777	2,777
Destination freight charges and other services	—	—	112	112
<b>Total</b>	<b>58</b>	<b>\$ 4,368</b>	<b>\$ 5,988</b>	<b>\$ 2,920</b>

### **Cost of Revenues**

The costs of revenues primarily include vehicle components and parts, labor costs, and other relevant costs and expenses applicable to sales and revenues. The cost of revenues exceeds revenue mainly due to increased labor and overhead variances to standard cost in the production of the B4 product, as well as due to write-down of certain raw materials to net realizable value. The higher cost per unit sold contributes to a negative gross margin for the quarter.

### **Research and Development**

Research and development expenses decreased by \$4.9 million, or 30%, from \$16.2 million through the three months ended December 31, 2023, to \$11.3 million through the three months ended December 31, 2024. Research and development expenses are primarily comprised of external fees and internal costs for engineering, homologation, prototyping, and other expenses related to preparation for the production of electric vehicles and batteries. The Company recently began cost reduction initiatives, thereby reducing research and development expenses in order to continue as a going concern.

## [Table of Contents](#)

### **General and Administrative**

General and administrative expenses include all non-production expenses incurred in a given period. This includes professional fees, salaries, rent, repairs and maintenance, utilities and office expenses, employee benefits, depreciation and amortization, advertising and marketing, settlements and penalties, taxes, licenses, and other expenses. We expense advertising costs as incurred. General and administrative expenses decreased by approximately \$6.7 million, or 16%, from approximately \$43.2 million in the three months ended December 31, 2023, to approximately \$36.5 million in the three months ended December 31, 2024, primarily due to reduction in employee related compensation due to reduction in force and rationalization of products, decrease of settlements and penalties and professional fees.

### **Other costs**

The Company recognized other financing costs on initial recognition of warrants during the three months ended December 31, 2024 in the amount of \$16.1 million due to additional notes with detached warrants issued during the three months ended December 31, 2024 (no investments during the three months ended December 31, 2023).

Loss on revaluation of warrants obligations was \$34.6 million during the three months ended December 31, 2024 vs \$6.7 million during the three months ended December 31, 2023 with the change mainly attributable to a significantly higher volume of warrant liabilities outstanding during the three months ended December 31, 2024, see *Note 8 - Warrants and Other Derivative Liabilities and Fair Value Measurements* to the financial statements.

Similarly, the interest expense increased by \$18.4 in comparison to the three months ended December 31, 2023 due to a significantly higher volume of debt outstanding during the three months ended December 31, 2024, see *Notes 7* to the financial statements.

### **Net Loss**

The net loss attributable to common stockholders (after preferred dividends) was approximately \$114.9 million, or \$661.33 net loss per share, for the three months ended December 31, 2024, as compared to a net loss attributable to common stockholders after preferred dividends of approximately \$61.4 million, or \$91,940.42 loss per share, for the three months ended December 31, 2023 (giving effect to reverse stock splits, see below).

### **Operating segments**

The Company is currently comprised of two major operating segments:

- Bollinger Motors. The Company acquired the controlling interest of Bollinger Motors Inc. on September 7, 2022. This acquisition positioned Mullen into the medium duty truck classes 4-6, along with the Sport Utility and Pick Up Trucks EV segments
- Mullen Commercial. By November 30, 2022, Mullen acquired a manufacturing plant in Mishawaka Indiana and all the intellectual property needed to engineer and build Class 1 and Class 3 electric vehicles.

## [Table of Contents](#)

### **Reverse Stock Splits and NASDAQ listing rules compliance**

Our common stock is listed on the Nasdaq Capital Market. To maintain that listing, we must satisfy minimum financial and other requirements including, without limitation, a requirement that our closing bid price be at least \$1.00 per share.

Effective February 18, 2025, the Company implemented a reverse stock split at a ratio of 1-for-60 shares in order to satisfy this requirement.

In addition to the reverse stock split implemented in February 2025, the Company previously effected a 1-for-25 reverse stock split on May 4, 2023, a 1-for-9 reverse stock split on August 11, 2023, and a 1-for-100 reverse stock split on December 21, 2023, and a 1-for-100 reverse stock split on September 17, 2024. The Company retroactively adjusted its historical financial statements to reflect the reverse stock splits.

The reverse stock splits did not change the authorized number of shares or the par value of the common stock nor modify any voting rights of the common stock. No fractional shares were issued in connection with the reverse stock splits and each fractional share resulting from the reverse stock splits were rounded up to the next whole share.

### **Liquidity and Capital Resources**

To date, we have yet to generate any significant revenue from our business operations. We have funded our capital expenditure and working capital requirements by selling equity securities, as further discussed below. Our ability to successfully expand our business will depend on many factors, including our working capital needs, the availability of equity or debt financing, and, over time, our ability to generate cash flows from operations.

The Company's principal source of liquidity consists of existing cash and restricted cash of approximately \$2.7 million as of December 31, 2024. During the three months ended December 31, 2024, the Company used approximately \$25.6 million of cash for operating activities. The net working capital deficit on December 31, 2024 amounted to approximately \$186.2 million, or \$41.2 million, after excluding derivative and other warrant liabilities and liabilities to issue stock, that are supposed to be settled by issuing common stock without using cash. For the three months ended December 31, 2024, the Company incurred a net loss of \$118.8 million, and as of December 31, 2024, our accumulated deficit was \$2.4 billion.

The Company believes that its available liquidity will not be sufficient to meet its current obligations for a period of at least twelve months from the date of the filing of these unaudited interim condensed consolidated financial statements. Accordingly, the Company has concluded there is substantial doubt about its ability to continue as a going concern. During the quarter ended December 31, 2024, the Company made the decision to temporarily shut down key production facilities due to short-term liquidity constraints. This action directly impacts our ability to produce vehicles. Should this shutdown continue, our cash flows from operating activities are expected to be further negatively impacted, which would further worsen the Company's cash position. Management is pursuing several strategies to address liquidity concerns, including equity or debt financing and cost reduction and operational restructuring. Despite these efforts, there is no assurance that these initiatives will be successful. Without additional funding, the Company may be unable to continue operations and could be required to seek bankruptcy protection within 30 days of the issuance of these financial statements.

These unaudited interim condensed consolidated financial statements do not include any adjustments to the carrying amounts of assets or liabilities that may result from the outcome of these uncertainties.

[Table of Contents](#)

**Debt**

To date, our current working capital and development needs have been primarily funded through the issuance of convertible indebtedness, warrants, convertible preferred stock and common stock.

During the three months ended December 31, 2024, we received \$8.8 million as part of the additional investment right under a May 14, 2024 Securities Purchase Agreement, which involved issuance of senior secured convertible notes, bearing 15% interest and maturing in 4 months, and warrants with terms further described in the *Note 7* and *Note 8* to the condensed consolidated financial statements. Furthermore, in October 2024, the Company received \$1 million proceeds in accordance with the equity line of credit (see further in the *Note 9*).

Also, in October 2024, Bollinger Motors, Inc., a majority-owned subsidiary of Mullen Automotive Inc., received a \$10 million long-term loan, providing additional capital to support the production and sale of Bollinger's Class 4 EV truck, the B4. The note bears interest at 15% per annum, with interest-only payments starting November 29, 2024, and principal repayment due by October 30, 2026. It is secured by part of the assets of Bollinger Motors, excluding inventory and certain intellectual property.

During the three months ended December 31, 2024, a significant part of Senior secured convertible notes (that were issued previously and were in cross-default on September 30, 2024), as well as relevant accumulated interest, have been converted into shares of common stock. By the date these financial statements are available to be issued, almost full amount of the Senior convertible notes and accumulated interest, that were outstanding on September 30, 2024 and issued in October 2024, has been converted to shares of common stock.

Also, the Company reached an agreement with holders of matured notes and loan advances in amount of \$2.7 million, as well as accumulated interest in amount of approximately \$1.8 million, that the liabilities would be settled pursuant to Section 3(a)(9) of the Securities Act of 1933 by issuance of shares of common stock of the Company worth of \$3 million. The liability was fully settled by December 2024 and the transaction resulted in recognition of gain on extinguishment of \$1.5 million.

The following is a summary of our indebtedness as of December 31, 2024:

Debt outstanding on December 31, 2024	Senior convertible notes	Senior convertible notes	Senior convertible notes	Bollinger loan	Total
	May 2024 - October 2024	December 12 and 13, 2024	December 26-30, 2024	October 2024	—
Issued	—	—	—	—	—
Principal amount	\$ 3,782,970	\$ 4,629,711	\$ 4,210,526	\$ 10,000,000	\$ 22,623,207
Unamortized debt discount and issuance costs	(565,327)	(4,628,347)	(4,210,386)	—	(9,404,060)
Net carrying amount, current liability	3,217,643	1,364	140	—	3,219,147
Net carrying amount, noncurrent liability	—	—	—	10,000,000	10,000,000
<b>Total net carrying amount</b>	<b>\$ 3,217,643</b>	<b>\$ 1,364</b>	<b>\$ 140</b>	<b>\$ 10,000,000</b>	<b>\$ 13,219,147</b>
Fair value - amount	\$ 3,914,000	\$ 4,827,000	\$ 5,446,000	\$ 10,000,000	\$ 24,187,000
Fair value - leveling	Level 3	Level 3	Level 3	Level 3	—
Interest Rate	20% (default)	15%	15%	15%	—
Maturity	Due	April 12 and 13, 2024	April 26-30, 2024	October 30, 2026	—
Conversion price floor (not subject to reverse stock splits)	\$ 1.16	\$ 1.16	\$ 0.21	n/a	—
Conversion approved by shareholders	Yes	Yes	Pending	n/a	—

[Table of Contents](#)

The following is a summary of our indebtedness as of September 30, 2024:

Debt outstanding on September 30, 2024	Matured loans and advances	Senior convertible notes		Total
	Before 2022	May 2024 - September 2024		
Issued				—
Principal amount	\$ 2,717,804	\$ 20,346,283	\$ 23,064,087	
Unamortized debt discount and issuance costs	—	(17,664,310)	(17,664,310)	
Net carrying amount, current liability	2,717,804	2,681,973	5,399,777	
Net carrying amount, noncurrent liability	—	—	—	
<b>Total net carrying amount</b>	<b>\$ 2,717,804</b>	<b>\$ 2,681,973</b>	<b>\$ 5,399,777</b>	
Fair value - amount	\$ 1,805,000	\$ 17,700,000	\$ 19,505,000	
Fair value - leveling	Level 3	Level 3	—	
Interest Rate	10%	20% (default)	—	
Maturity	Due	Due	—	
Conversion price floor (not subject to reverse stock splits)	n/a	\$ 1.16	—	
Conversion approved by shareholders	n/a	Yes	—	

**Scheduled Debt Maturities**

The following are scheduled debt maturities as of December 31, 2024:

	Year Ended September 30,						
	2025 (9 months)	2026	2027	2028	2029	Thereafter	Total
<b>Total Debt</b>	<b>\$12,623,207</b>	<b>\$ —</b>	<b>\$10,000,000</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$22,623,207</b>

**Cash Flows**

The following table provides a summary of our cash flow data for the three months ended December 31, 2024 and 2023:

Net cash provided by (used in):	Three Months Ended December 31,	
	2024	2023
Operating activities	\$ (25,564,413)	\$ (59,891,553)
Investing activities	(2,220,984)	(6,865,681)
Financing activities	19,780,360	—

## Table of Contents

### Cash Flows used in Operating Activities

Our cash flow used in operating activities to date has been primarily comprised of costs related to research and development, payroll and other general and administrative activities. Net cash used in operating activities was \$25.6 million in the three months ended December 31, 2024, a 57% decrease from \$59.9 million net cash used during the three months ended December 31, 2023.

### Cash Flows used in Investing Activities

During the three months ended December 31, 2024 and 2023, our cash flows used in investing activities have been comprised mainly of equipment purchases. Net cash used in investing activities was \$2.2 million in the three months ended December 31, 2024, an 68% decrease from \$6.9 million used in investing activities during the three months ended December 31, 2023.

### Cash Flows provided by Financing Activities

Through December 31, 2024, we have financed our operations primarily through the issuance of convertible notes and warrants, as well as by receiving a long-term loan for production of Bollinger vehicles (for further details, see section Debt above). Net cash provided by financing activities was \$19.8 million for the three months ended December 31, 2024, as compared to \$0.0 million net cash obtained from financing activities for the three months ended December 31, 2023.

### **Contractual Obligations and Commitments**

The following tables summarize our contractual obligations and other commitments for cash expenditures as of December 31, 2024, and the years in which these obligations are due:

#### **Operating Lease Commitments**

<b>Years Ended September 30,</b>	<b>Scheduled Payments</b>
2025 (9 months)	\$ 4,950,794
2026	5,022,622
2027	5,000,409
2028	4,827,540
2029	1,358,041
Thereafter	5,994,883
<b>Total Future Minimum Lease Payments</b>	<b>\$ 27,154,289</b>

## [Table of Contents](#)

### **Off-Balance Sheet Arrangements**

We are not a party to any off-balance sheet arrangements, as defined under SEC rules.

### **Critical Accounting Policies and Estimates**

Our financial statements have been prepared by U.S. GAAP. In the preparation of these financial statements, our management is required to use judgment in making estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Management considers an accounting judgment, estimate, or assumption to be critical when (1) the estimate or assumption is complex in nature or requires a high degree of judgment and (2) the use of different judgments, estimates, and assumptions could have a material impact on the consolidated financial statements. Our significant accounting policies are described in Note 3 to the condensed consolidated financial statements.

In preparation of these financial statements, the management applied critical estimates and assumptions while performing impairment tests for long-lived assets and while determining net realizable value of inventory.

#### *Impairment tests for other long-lived assets*

We identified Bollinger and Mullen Commercial (refer to *Note 4 - Segment information*) as our reporting units for the purposes of assessing impairments.

We review our noncurrent asset groups for impairment whenever events or changes in circumstances indicate that the carrying amount of such asset groups may not be recoverable. Such conditions could include significant adverse changes in the business climate, current period operating or cash flow losses, significant declines in forecasted operations, or a current expectation that an asset group will be disposed of before the end of its useful life. The recoverability of noncurrent asset groups to be held and used is measured by a comparison of the carrying amount of the asset group to future undiscounted net cash flows expected to be generated by the asset group. Suppose the asset group is considered to be impaired. In that case, the impairment recognized is the amount by which the carrying amount of the asset group exceeds the fair value of the asset group.

Due to a prolonged decrease in our market capitalization, including a significant decline in stock price and budgeted performance targets not achieved as compared to acquisition date budgets, we assessed noncurrent assets for impairment. As a result of impairment tests performed by management as of December 31, 2024, no impairment was recognized, primarily because of significant impairment that reduced carrying amount of long-lived assets in previous periods.

## [Table of Contents](#)

Estimating the fair value of the reporting units and certain assets requires us to make assumptions and estimates regarding our future plans, as well as industry, economic, and regulatory conditions. These assumptions and estimates include estimated future annual net cash flows, income tax considerations, discount rates, long-term growth rates, contributory asset charges, and other market factors. Assumptions used in impairment assessments are made at a point in time. Therefore, they are subject to change based on the facts and circumstances present at each annual and interim impairment assessment date. Fair value determinations require significant judgment and are sensitive to changes in underlying assumptions, estimates, and market factors.

### *Net realizable value of inventory*

In accordance with applicable accounting standards, we value inventory at the lower of cost or net realizable value. Our assessment of net realizable value is a critical accounting estimate due to the inherent market volatility, evolving technology, and competitive landscape of the EV industry.

The net realizable value of inventory is determined based on the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. In determining net realizable value, we consider several factors, including:

- Market Demand and Pricing Trends – The EV industry is highly competitive, with frequent price adjustments based on consumer demand, regulatory incentives, and competitor pricing strategies.
- Technological Obsolescence – As battery and vehicle technology evolves, older inventory may require discounting or write-downs to remain competitive.
- Production Costs and Cost Absorption – Given supply chain fluctuations and raw material pricing (e.g., lithium, nickel, and other battery components), production costs may exceed expected selling prices.
- Other Factors – Changes in government incentives, infrastructure development, and interest rates may affect consumer adoption and, consequently, inventory valuation.

As a result of the tests performed by the management as of December 31, 2024, the write-down to net realizable value in amount of \$0.8 million was recorded (as of September 30, 2024, we recognized net realizable value adjustments of \$15.6 million, primarily related to excess raw material and slower moving inventory of the Mullen Commercial segment). These adjustments were recorded as a component of cost of goods sold.

The net realizable value assessment considered the current expected selling prices of Mullen One, Mullen Three, and Bollinger B4 vehicles, based on recent sales and current market demand. Should actual sales prices or demand decline, additional write-downs may be required in future periods. Additionally, if the Company is unable to secure sufficient funding to continue operations as planned, inventory may need to be sold at further discounted prices, which could negatively impact future financial results.

### **Recent Accounting Pronouncements**

Accounting standard updates issued but not yet effective were assessed and determined to be either not applicable or not expected to have a material impact on our interim condensed consolidated financial statements.

[Table of Contents](#)

**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

Not Applicable.

**Item 4. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

As of December 31, 2024, being the end of the period covered by this Quarterly Report, our management conducted an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow for timely decisions regarding required disclosure.

Based on that evaluation, our chief executive officer and chief financial officer concluded that, as of December 31, 2024, our disclosure controls and procedures were not effective due to the material weaknesses in our internal control over financial reporting as discussed in Item 9A. Controls and Procedures – in the Company's 2024 Annual Report, under the heading "Management's Annual Report on Internal Control Over Financial Reporting".

**Limitations on Effectiveness of Controls and Procedures**

In designing and evaluating our disclosure controls and processes, as well as internal control over financial reporting, we recognize that any controls and procedures, no matter how well designed and implemented, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of controls and procedures must reflect the fact that there are resource constraints, and management must apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

**Changes in Internal Control Over Financial Reporting**

There were no other changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2024, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

Material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the Company or any of its subsidiaries is a party or of which any of their property is the subject are described in *Note 19 - Contingencies and Claims* of the notes to the consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q and incorporated herein by reference.

**Item 1A. Risk Factors**

Risk factors are discussed in Part I, Item 1A. *"Risk Factors"* in our 2024 Form 10-K, and could materially affect our business, financial condition, or future results of operation.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not Applicable.

**Item 5. Other Information**

***Director and Officer Trading Arrangements***

None of the Company's directors or executive officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's quarter ended December 31, 2024.

**Item 6. Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
10.1	<a href="#">Amended and Restated Secured Promissory Note dated October 24, 2024 issued by Bollinger Motors, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on October 28, 2024)</a>
10.2#	<a href="#">Amendments to 2022 Performance Stock Award Agreement and 2023 Performance Stock Award Agreement dated December 27, 2024 between Mullen Automotive Inc. and David Michery (incorporated by reference to Exhibit 10.3(a) to the Company's Annual Report on Form 10-K, filed with the SEC on January 24, 2025)</a>
10.3	<a href="#">Additional Investment Right Agreement dated December 12, 2024 by and among Mullen Automotive Inc. and the purchasers named therein (incorporated by reference to Exhibit 10.25(d) to the Company's Annual Report on Form 10-K, filed with the SEC on January 24, 2025)</a>
10.4	<a href="#">Additional Investment Right Agreement dated December 31, 2024 by and among Mullen Automotive Inc. and the purchaser named therein (incorporated by reference to Exhibit 10.25(e) to the Company's Annual Report on Form 10-K, filed with the SEC on January 24, 2025)</a>
10.5	<a href="#">Amendment to Purchase Agreement dated November 4, 2024 between the Mullen Automotive Inc, VoltiE Group, Volt Mobility Holding Ltd. and The Lessor Car Rental LLC (incorporated by reference to Exhibit 10.29(a) to the Company's Annual Report on Form 10-K, filed with the SEC on January 24, 2025)</a>
10.6	<a href="#">Settlement Agreement and Stipulation dated November 19, 2024 between Mullen Automotive Inc and investors named therein (Form of Pre-Funded Warrant attached as Exhibit A) (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K, filed with the SEC on January 24, 2025)</a>
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934</a>
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934</a>
32.1*	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. § 1350</a>
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document and include in Exhibit 101)

\* Filed herewith (furnished herewith with respect to Exhibit 32.1).

# Indicates management compensatory plan, contract or arrangement.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Mullen Automotive Inc.

February 19, 2025

By: /s/ David Michery

David Michery

Chief Executive Officer, President, and Chairman of the Board

*(Principal Executive Officer and duly authorized officer)*

/s/ Jonathan New

Jonathan New

Chief Financial Officer

*(Principal Financial Officer)*

**CEO Certification****Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, David Michery, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mullen Automotive 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: February 19, 2025

By: /s/ David Michery  
 David Michery  
 Chief Executive Officer

**CFO Certification****Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jonathan New, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mullen Automotive 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: February 19, 2025

By: /s/ Jonathan New  
 Jonathan New  
 Chief Financial 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 for the period ended December 31, 2024 of Mullen Automotive Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

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 as of and for the periods presented in the Report.

By: /s/ David Michery  
David Michery  
Chief Executive Officer  
February 19, 2025

By: /s/ Jonathan New  
Jonathan New  
Chief Financial Officer  
February 19, 2025