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DELTA REPORT

10-Q

MULN - MULLEN AUTOMOTIVE INC.
10-Q - DECEMBER 31, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	4504
CHANGES	163
DELETIONS	2332
ADDITIONS	2009

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 **June 30, 2024** ~~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

86-3289406

(State or other jurisdiction of
incorporation or organization)

(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:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
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 **August 9, 2024** **February 17, 2025**, a total of **40,141,186** **1,083,175** shares of the Registrant's common stock, par value \$0.001 per share, were issued and outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MULLEN AUTOMOTIVE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	December 31, 2024	September 30, 2024
ASSETS		
CURRENT ASSETS		
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
TOTAL CURRENT ASSETS	59,909,927	63,174,638
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
TOTAL ASSETS	\$173,017,097	\$178,631,289
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
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
TOTAL CURRENT LIABILITIES	246,113,345	183,172,298
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
TOTAL LIABILITIES	\$267,226,436	\$195,177,166
Contingencies and claims (Note 19)		
STOCKHOLDERS' EQUITY (DEFICIT)		
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)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT) ATTRIBUTABLE TO THE COMPANY'S STOCKHOLDERS	(103,074,533)	(28,556,026)
Noncontrolling interest	8,865,194	12,010,149
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(94,209,339)	(16,545,877)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$173,017,097	\$178,631,289

(*) 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.

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MULLEN AUTOMOTIVE INC.

CONDENSED CONSOLIDATED BALANCE SHEETS STATEMENTS OF OPERATIONS

(unaudited)

	June 30, 2024	September 30, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,549,367	\$ 155,267,098
Restricted cash	414,536	429,372
Inventory	37,834,884	16,807,013
Prepaid expenses and prepaid inventories	25,759,754	24,955,223
Accounts receivable	—	671,750
TOTAL CURRENT ASSETS	67,558,541	198,130,456
Property, plant, and equipment, net	83,254,664	82,032,785
Intangible assets, net	27,939,106	104,235,245
Right-of-use assets	11,787,983	5,249,417
Related party receivable	—	2,250,485
Goodwill, net	—	28,846,832
Other noncurrent assets	1,789,472	960,502
TOTAL ASSETS	\$ 192,329,766	\$ 421,705,730
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 29,247,841	\$ 13,175,504
Accrued expenses and other current liabilities	43,378,664	41,610,788
Warrant liabilities	25,778,961	—
Series E Preferred Stock (76,950 authorized, 76,923 shares issued and outstanding with redemption value of \$41 per share)	8,605,241	—
ELOC commitment fee liability	6,000,000	—
Derivative liabilities	3,751,217	64,863,305
Liability to issue shares	4,416,255	9,935,950

Lease liabilities, current portion	2,226,906	2,134,494
Notes payable, current portion	2,732,390	7,461,492
Refundable deposits	421,772	429,372
TOTAL CURRENT LIABILITIES	126,559,247	139,610,909
Liability to issue shares, net of current portion	437,358	1,827,888
Lease liabilities, net of current portion	12,338,011	3,566,922
Deferred tax liability	—	3,891,900
TOTAL LIABILITIES	\$ 139,334,616	\$ 148,897,620
Contingencies and claims (Note 19)		
STOCKHOLDERS' EQUITY		
Preferred stock; \$0.001 par value; 126,263,156 preferred shares authorized;		
Preferred Series D; 84,572,538 shares authorized; 363,097 and 363,097 shares issued and outstanding at June 30, 2024 and September 30, 2023, respectively (preference in liquidation of \$159,000 and \$159,000 at June 30, 2024 and September 30, 2023, respectively)	363	363
Preferred Series C; 24,874,079 shares authorized; 458 and 1,211,757 shares issued and outstanding at June 30, 2024 and September 30, 2023, respectively (preference in liquidation of \$4,049 and \$10,696,895 at June 30, 2024 and September 30, 2023, respectively)	—	1,211
Preferred Series A; 83,859 shares authorized; 648 and 648 shares issued and outstanding at June 30, 2024 and September 30, 2023, respectively (preference in liquidation of \$836 and \$836 at June 30, 2024 and September 30, 2023, respectively)	1	1
Common stock; \$0.001 par value; 5,000,000,000 and 5,000,000,000 shares authorized at June 30, 2024 and September 30, 2023, respectively; 16,058,994 and 2,871,707 shares issued and outstanding at June 30, 2024 and September 30, 2023 respectively (*)	16,059	2,872
Additional paid-in capital (*)	2,178,269,431	2,071,110,128
Accumulated deficit	(2,143,349,712)	(1,862,162,037)
TOTAL STOCKHOLDERS' EQUITY ATTRIBUTABLE TO THE COMPANY'S STOCKHOLDERS	34,936,142	208,952,537
Noncontrolling interest	18,059,008	63,855,573
TOTAL STOCKHOLDERS' EQUITY	52,995,150	272,808,110
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 192,329,766	\$ 421,705,730

	Three months ended December 31,	
	2024	2023
Revenue from sale of vehicles	\$2,920,485	\$—
Cost of revenues	6,588,933	—
Gross loss	(3,668,448)	—
Operating expenses:		
General and administrative	\$36,484,409	\$43,234,052
Research and development	11,282,375	16,169,967
Loss from operations	(51,435,232)	(59,404,019)
Other income (expense):		
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)
Net loss before income tax benefit	\$(118,797,245)	\$(65,719,617)
Income tax benefit/ (provision)	(600)	1,726,238
Net loss	(118,797,845)	(63,993,379)
Net loss attributable to noncontrolling interest	(3,909,288)	(2,598,481)
Net loss attributable to stockholders	\$(114,888,557)	\$(61,394,898)
Waived/(accrued) accumulated preferred dividends and other capital transactions with preferred stockholders	(24,728)	(21,303)
Net loss attributable to common stockholders after preferred dividends and other capital transactions with preferred stockholders	\$(114,913,285)	\$(61,416,201)
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' Equity (Deficit)
	Shares	Amount	Shares	Amount					
Balance, October 1, 2024									
(*)	364,203	\$ 364	76,288	\$ 76	\$ 2,290,664,472	\$ (2,319,220,938)	\$ (28,556,026)	\$ 12,010,149	\$ (16,545,877)
Cashless Warrant exercise	—	—	23,485	24	3,953,999	—	3,954,023	—	3,954,023
Issuance of common stock for conversion of convertible notes and interest	—	—	197,947	198	16,667,052	—	16,667,250	—	16,667,250
Common stock issued to settle matured loans and advances	—	—	21,280	21	2,999,979	—	3,000,000	—	3,000,000
Common stock issued under equity line of credit	—	—	8,368	8	1,017,127	—	1,017,135	—	1,017,135
Share-based compensation	—	—	76,966	77	16,265,810	—	16,265,887	—	16,265,887
Preferred stock dividends	—	—	—	—	(24,728)	—	(24,728)	—	(24,728)
Noncontrolling interest - decrease from additional investments into subsidiary	—	—	—	—	(509,517)	—	(509,517)	509,517	-
Noncontrolling interest - increase from stock based compensation	—	—	—	—	—	—	—	254,816	254,816

Noncontrolling interest - decrease from current losses	—	—	—	—	—	—	—	(3,909,288)	(3,909,288)
Net Loss	—	—	—	—	—	(114,888,557)	(114,888,557)	—	(114,888,557)
Balance, December 31, 2024	364,203	\$ 364	404,334	\$ 404	\$ 2,331,034,194	\$ (2,434,109,495)	(103,074,533)	\$ 8,865,194	\$ (94,209,339)

(*) 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	Shares	Amount					
Balance, October 1, 2023 (*)	1,575,502	1,576	479	—	2,071,112,998	(1,862,162,037)	208,952,537	63,855,573	272,808,110
Cashless Warrant exercise	—	—	337	—	50,877,669	—	50,877,669	—	50,877,669
Share-based compensation	—	—	112	—	12,143,000	—	12,143,000	—	12,143,000
Preferred stock dividends	—	—	—	—	(21,303)	—	(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)	—	(61,394,898)
Balance, December 31, 2023 (*)	1,575,502	\$ 1,576	982	\$ —	\$ 2,134,112,364	\$ (1,923,556,935)	\$ 210,557,005	\$ 61,257,092	\$ 271,814,097

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

See accompanying notes to these unaudited consolidated financial statements.

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MULLEN AUTOMOTIVE INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Revenue				
Vehicle sales	\$ 65,235	\$ 308,000	\$ 98,570	\$ 308,000
Costs and expenses applicable to sales and revenues				
Cost of goods sold	26,222	248,669	\$ 34,962	248,669
Other inventory costs and expenses	9,786	—	14,486	—
Total cost of goods sold and other inventory expenses	36,008	248,669	49,448	248,669
Gross profit / (loss)	29,227	59,331	49,122	59,331
Operating expenses:				
General and administrative	\$ 47,477,377	\$ 31,777,812	\$ 138,615,121	\$ 144,186,161

Research and development	14,292,744	22,088,011	54,486,237	51,188,991
Impairment of goodwill	—	—	28,846,832	—
Impairment of right-of-use assets	30,060	—	3,197,668	—
Impairment of intangible assets	—	—	73,447,067	—
Loss from operations	(61,770,954)	(53,806,492)	(298,543,803)	(195,315,821)
Other income (expense):				
Other financing costs - initial recognition of derivative liabilities	(4,261,718)	(248,413,090)	(4,261,718)	(504,373,115)
Other financing costs - ELOC commitment fee	(6,000,000)	—	(6,000,000)	—
Other financing costs - initial recognition of warrants	(13,652,762)	—	(13,652,762)	—
Gain/(loss) on derivative liability revaluation	2,218,148	(241,168)	(888,075)	(89,462,559)
Gain/(loss) on other warrants revaluation	82,938	—	82,938	—
Gain/(loss) on extinguishment of debt	(690,346)	206,081	(655,721)	(6,246,089)
Loss on financing	—	(8,934,892)	—	(8,934,892)
Gain/(loss) on disposal of fixed assets	(103,973)	1,346	(477,838)	386,377
Interest expense	(8,277,802)	(608,332)	(8,795,525)	(5,414,185)
Other income, net	829,056	826,378	2,318,164	2,044,258
Total other income (expense)	(29,856,459)	(257,163,677)	(32,330,537)	(612,000,205)
Net loss before income tax benefit	\$ (91,627,413)	\$ (310,970,169)	\$ (330,874,340)	\$ (807,316,026)
Income tax benefit/ (provision)				
	(1,200)	(456,191)	3,890,100	520,385
Net loss	(91,628,613)	(311,426,360)	(326,984,240)	(806,795,641)
Net loss attributable to noncontrolling interest				
	(4,267,796)	(2,568,126)	(45,796,565)	(6,748,302)
Net loss attributable to stockholders	\$ (87,360,817)	\$ (308,858,234)	\$ (281,187,675)	\$ (800,047,339)
Waived/(accrued) accumulated preferred dividends and other capital transactions with Preferred stock owners				
	(8,627,095)	(13,125)	(8,670,441)	7,387,811
Net loss attributable to common stockholders after preferred dividends and other capital transactions with Preferred stock owners				
	\$ (95,987,912)	\$ (308,871,359)	\$ (289,858,116)	\$ (792,659,528)
Net Loss per Share (*)	\$ (7.91)	\$ (1,114.23)	\$ (37.92)	\$ (5,544.35)
Weighted average shares outstanding, basic and diluted (*)	12,134,899	277,205	7,644,049	142,967

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

See accompanying notes to these unaudited consolidated financial statements.

MULLEN AUTOMOTIVE INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
for the three and nine months ended June 30, 2024
(unaudited)

	Preferred Stock, total (see Note 9 for details)		Common Stock		Paid-in Capital	Accumulated Deficit	Noncontrolling Interest	Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance, October 1, 2023 (*)	1,575,502	\$ 1,576	2,871,707	\$ 2,872	\$ 2,071,110,126	\$ (1,862,162,037)	\$ 63,855,573	\$ 272,808,110
Cashless warrant exercise	—	—	5,552,919	5,552	67,826,882	—	—	67,832,434
Issuance of common stock for conversion of convertible notes and interest	—	—	2,281,377	2,281	8,824,069	—	—	8,826,350

Common stock issued to settle other derivative liability	—	—	1,022,500	1,023	3,268,158	—	—	3,269,181
Common stock issued to settle legal commitment	—	—	110,598	111	639,145	—	—	639,256
Share-based compensation	—	—	3,898,852	3,899	35,271,813	—	—	35,275,712
Preferred stock dividends	—	—	—	—	(66,412)	—	—	(66,412)
Extinguishment of Series C P/S by issuance of Series E P/S	(1,211,299)	(1,212)	—	—	—	—	—	(1,212)
Financial result from exchange of Series C P/S for Series E P/S	—	—	—	—	(8,604,029)	—	—	(8,604,029)
Common stock issued to avoid fractional shares on reverse stock split	—	—	321,041	321	(321)	—	—	-
Noncontrolling interest	—	—	—	—	—	—	(45,796,565)	(45,796,565)
Net Loss	—	—	—	—	—	(281,187,675)	—	(281,187,675)
Balance, June 30, 2024	<u>364,203</u>	<u>\$ 364</u>	<u>16,058,994</u>	<u>\$ 16,059</u>	<u>\$ 2,178,269,431</u>	<u>\$ (2,143,349,712)</u>	<u>\$ 18,059,008</u>	<u>\$ 52,995,150</u>
Balance, April 1, 2024	<u>1,575,502</u>	<u>\$ 1,576</u>	<u>7,974,442</u>	<u>\$ 7,974</u>	<u>\$ 2,151,067,184</u>	<u>\$ (2,055,988,895)</u>	<u>\$ 22,326,804</u>	<u>\$ 117,414,643</u>
Cashless warrant exercise	—	—	2,312,152	2,312	8,665,087	—	—	8,667,399
Issuance of common stock for conversion of convertible notes and interest	—	—	2,281,377	2,281	8,824,069	—	—	8,826,350
Common stock issued to settle other derivative liability	—	—	1,022,500	1,023	3,268,158	—	—	3,269,181
Common stock issued to settle legal commitment	—	—	110,598	111	639,145	—	—	639,256
Share-based compensation	—	—	2,357,925	2,358	14,432,884	—	—	14,435,242
Preferred stock dividends	—	—	—	—	(23,067)	—	—	(23,067)
Extinguishment of Series C P/S by issuance of Series E P/S	(1,211,299)	(1,212)	—	—	—	—	—	(1,212)
Financial result from exchange of Series C P/S for Series E P/S	—	—	—	—	(8,604,029)	—	—	(8,604,029)
Noncontrolling interest	—	—	—	—	—	—	(4,267,796)	(4,267,796)
Net Loss	—	—	—	—	—	(87,360,817)	—	(87,360,817)
Balance, June 30, 2024	<u>364,203</u>	<u>\$ 364</u>	<u>16,058,994</u>	<u>\$ 16,059</u>	<u>\$ 2,178,269,431</u>	<u>\$ (2,143,349,712)</u>	<u>\$ 18,059,008</u>	<u>\$ 52,995,150</u>

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

See accompanying notes to these unaudited consolidated financial statements.

MULLEN AUTOMOTIVE INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
for the three and nine months ended June 30, 2023
(unaudited)

						Common Stock Owed but not Issued				
	Preferred Stock, total (see Note 9 for details)		Common Stock		Paid-in			Accumulated	Noncontrolling	Stockholders'
	Shares	Amount	Shares	Amount	Capital	Shares	Amount	Deficit	Interest	Equity
Balance, September 30, 2022 (*)	5,721,897	\$ 5,721	37,043	\$ 37	\$ 948,598,589	—	\$ —	\$ (889,907,455)	\$ 98,259,819	\$ 156,956,711
Cashless Warrant exercise	—	—	512,147	511	493,804,634	171,256	172	—	—	493,805,317
Issuance of preferred stock, common stock and prefunded warrants in lieu of preferred stock	273,363,635	273,364	253,735	254	196,550,236	—	—	—	—	196,823,854

Issuance of common stock for conversion of convertible notes	—	—	23,576	24	153,222,213	—	—	—	—	153,222,237
Issuance of common stock for conversion of preferred stock	(277,511,343)	(277,510)	12,338	12	277,499	—	—	—	—	-
Reclassification of derivatives to equity upon authorization of sufficient number of shares	—	—	—	—	47,818,882	—	—	—	—	47,818,882
Warrants exercised for receivable and financing loss	—	—	5,279	5	14,974,802	—	—	—	—	14,974,807
Shares issued to settle note payable	—	—	2,758	3	13,736,400	—	—	—	—	13,736,403
Shares issued to extinguish penalty	—	—	1,022	1	5,519,999	—	—	—	—	5,520,000
Preferred shares series AA issued to officers	1	—	—	—	25,000	—	—	—	—	25,000
Preferred shares series AA refund	(1)	—	—	—	(25,000)	—	—	—	—	(25,000)
Share-based compensation	—	—	19,730	20	68,391,614	—	—	—	—	68,391,634
Preferred stock dividends waiver	—	—	—	—	7,387,810	—	—	—	—	7,387,810
Noncontrolling interest	—	—	—	—	—	—	—	—	(6,748,302)	(6,748,302)
Net Loss	—	—	—	—	—	—	—	(800,047,339)	—	(800,047,339)
Balance, June 30, 2023	<u>1,574,189</u>	<u>\$ 1,574</u>	<u>867,628</u>	<u>\$ 867</u>	<u>\$ 1,950,282,678</u>	<u>171,256</u>	<u>\$ 172</u>	<u>\$ (1,689,954,794)</u>	<u>\$ 91,511,517</u>	<u>\$ 351,842,014</u>
Balance, March 31, 2023 (*)	<u>1,574,580</u>	<u>\$ 1,575</u>	<u>140,313</u>	<u>\$ 140</u>	<u>\$ 1,550,162,281</u>	<u>6,589</u>	<u>\$ 7</u>	<u>\$ (1,381,096,560)</u>	<u>\$ 94,079,643</u>	<u>\$ 263,147,085</u>
Cashless Warrant exercise	—	—	450,219	450	190,182,692	164,667	165	—	—	190,183,307
Issuance of preferred stock, common stock and prefunded warrants in lieu of preferred stock	273,363,635	273,364	253,735	254	196,550,236	—	—	—	—	196,823,854
Issuance of common stock for conversion of preferred stock and dividends	(273,364,026)	(273,365)	12,151	12	273,352	—	—	—	—	-
Share-based compensation	—	—	11,210	11	13,127,242	—	—	—	—	13,127,253
Preferred stock dividends waiver (accrual)	—	—	—	—	(13,125)	—	—	—	—	(13,125)
Noncontrolling interest	—	—	—	—	—	—	—	—	(2,568,126)	(2,568,126)
Net Loss	—	—	—	—	—	—	—	(308,858,234)	—	(308,858,234)
Balance, June 30, 2023 (*)	<u>1,574,189</u>	<u>\$ 1,574</u>	<u>867,628</u>	<u>\$ 867</u>	<u>\$ 1,950,282,678</u>	<u>171,256</u>	<u>\$ 172</u>	<u>\$ (1,689,954,794)</u>	<u>\$ 91,511,517</u>	<u>\$ 351,842,014</u>

(*) 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)

	Nine Months Ended June 30,	
	2024	2023
Cash Flows from Operating Activities		
Net loss	\$ (326,984,240)	\$ (806,795,641)
Adjustments to reconcile net loss to net cash used in operating activities:		

Stock-based compensation	29,174,038	71,015,371
Deferred income taxes	(3,890,100)	(445,808)
Depreciation and amortization	17,768,083	10,991,239
Impairment of intangible assets	73,447,067	—
Impairment of goodwill	28,846,832	—
Impairment of right-of-use assets	3,197,668	—
Other financing costs - ELOC commitment fee	6,000,000	—
Other financing costs - Initial recognition of derivative liabilities	4,261,718	504,373,115
Other financing costs - initial recognition of warrants	13,652,762	—
Revaluation of derivative liabilities	888,075	89,462,559
Loss/(gain) on other warrants revaluation	(82,938)	—
Loss/(gain) on extinguishment of debt	655,721	6,246,089
Loss/(gain) on assets disposal	477,838	—
Amortization of debt discount	8,366,613	442,091
Non-cash interest and other operating activities	—	(1,656,288)
Non-cash financing loss on over-exercise of warrants	—	8,934,892
Issuance of warrants to suppliers	—	6,814,000
Changes in operating assets and liabilities:		
Accounts receivable	671,750	—
Inventories	(21,027,871)	—
Prepays and other assets	(279,024)	(14,089,476)
Accounts payable	18,788,174	6,013,276
Accrued expenses and other liabilities	1,757,670	4,835,588
Deferred tax liability	—	—
Right-of-use assets and lease liabilities	(872,733)	231,048
Net cash used in operating activities	(145,182,897)	(113,627,945)
Cash Flows from Investing Activities		
Purchase of equipment	(14,053,838)	(14,328,228)
Purchase of intangible assets	—	(204,660)
ELMS assets purchase	—	(92,916,874)
Net cash used in investing activities	(14,053,838)	(107,449,762)
Cash Flows from Financing Activities		
Proceeds from issuance of notes payable with attached warrants	12,450,000	170,000,000
Proceeds from issuance of common stock and prefunded warrants	—	196,999,970
Payment of notes payable	(4,945,832)	(20,685,000)
Reimbursement for over issuance of shares	—	17,819,660
Net cash provided by financing activities	7,504,168	364,134,630
Change in cash	(151,732,567)	143,056,923
Cash and restricted cash (in amount of \$429,372), beginning of period	155,696,470	84,375,085
Cash and restricted cash (in amount of \$414.536), ending of period	<u>\$ 3,963,903</u>	<u>\$ 227,432,008</u>
Supplemental disclosure of Cash Flow information:		
Cash paid for interest	\$ 37,458	\$ 122,500
Supplemental Disclosure for Non-Cash Activities:		
Exercise of warrants recognized earlier as liabilities	\$ 67,826,884	\$ 391,057,576

Right-of-use assets obtained in exchange of operating lease liabilities	11,867,625	—
Convertible notes and interest - conversion to common stock	8,136,004	153,222,236
Extinguishment of accounts payable with recognition of derivatives	4,623,655	—
Common stock issued to settle other derivative liability	3,293,965	—
Common stock issued to extinguish other liabilities	639,146	—
Common stock issued to extinguish liability to issue stock	—	66,752,533
Reclassification of derivatives to equity upon authorization of sufficient number of shares	—	47,818,882
Waiver of dividends by stockholders	—	7,387,810
Warrants issued to suppliers	—	6,814,000
Debt conversion to common stock	—	1,096,787
Extinguishment of operational liabilities by sale of property	—	767,626
Preferred stock converted to common stock	—	273,364
Prefunded warrants converted to common stock	—	250,466
Extinguishment of financial liabilities by sale of property	—	231,958

	Three Months Ended December 31,	
	2024	2023
Cash Flows from Operating Activities		
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)
Net cash used in operating activities	(25,564,413)	(59,891,553)
Cash Flows from Investing Activities		
Purchase of equipment	(2,220,984)	(6,865,681)
Net cash used in investing activities	(2,220,984)	(6,865,681)
Cash Flows from Financing Activities		
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	—
Net cash provided by financing activities	19,780,360	—
Change in cash	(8,005,037)	(66,757,234)

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 \$418,451), ending of period	<u>\$ 2,743,641</u>	<u>\$ 88,939,236</u>
Supplemental disclosure of Cash Flow information:		
Cash paid for interest	\$ 250,000	\$ —
Supplemental Disclosure for Non-Cash Activities:		
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 ("Mullen" 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 purposes. (the "Merger"). The Company changed its name from "Net Element, Inc." to "Mullen Automotive Inc." 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 through the Bollinger Motors and Electric Last Mile Solutions ("ELMS") acquisitions. 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.

Since acquiring The acquisition of a controlling interest in Bollinger Motors, Inc. in September 2022 positioned Mullen has strategically expanded into the medium-duty medium duty truck segments (Classes classes 4-6,) and along with the electric Sport Utility and Pickup Truck markets. In Pick Up Trucks EV segments. The first Bollinger vehicles were sold in September 2024.

The second acquisition was in October 2022, Mullen successfully completed a significant when the U.S. Bankruptcy Court approved the Company's acquisition of ELMS (Electric Last Mile Solutions) assets from ELMS, which included in an all-cash purchase. With this transaction, Mullen acquired a manufacturing facility plant in Mishawaka Indiana and all necessary the intellectual property for the design needed to engineer and production of build Class 1 and Class 3 electric vehicles. The first electric vehicles were produced at our Tunica, Mississippi plant, were successfully and delivered to customers in August 2023.

Since starting production, we have invoiced 412 vehicles, totaling \$17.8 million. For during the nine12 months ended June September 30, 2024 2023., we delivered 377 vehicles valued at \$16.8 million. The Company will not recognize revenue or accounts receivable until payment is received, and the return policy for the vehicles no longer applies once the dealer sells the vehicles to the final customer.

Basis of Presentation and Principles of Consolidation

The 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 wholly owned subsidiaries, Mullen Investment Properties LLC, a Mississippi corporation, Ottawa Automotive, Inc., a California corporation, Mullen Real Estate, LLC, a Delaware corporation, Mullen Advanced Energy Operations, LLC, a California corporation, as well as a 60%-owned (on a fully dilutive basis) subsidiary Bollinger Motors Inc., a Delaware corporation, subsidiaries. Intercompany accounts and transactions if any, have been eliminated, 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 adjustments, which include only normal recurring adjustments, necessary for a fair statement of the results of operations for the periods presented. The condensed 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 and ninemonths ended June 30, 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, 2023, 2024 filed with the Securities and Exchange Commission ("SEC"). ("2024 Annual Report") on January 16, 2024.

MULLEN AUTOMOTIVE INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Reverse Stock Splits

During Our common stock is listed on the calendar year ended 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 December 20 - Subsequent events, on January 31, 2023, 2025, we completed 3 the Company held a Special Meeting of Stockholders, which approved a proposal to authorize a reverse stock splits in order split of the common stock of the Company at a ratio within the range of 1-for-2 to regain compliance 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 NASDAQ Listing Rule the Secretary of State of the State of Delaware to effect a 5550 one(a) -for-sixty(2) 1. -for-60) reverse stock split of its common stock. The Reverse Stock Split became effective on February 18, 2025.

In May 2023, we completed addition to the reverse stock split referred to above, the Company previously effected a 1-for-25-for-25 reverse stock split of our outstanding shares of common stock. In on August May 4, 2023, we completed a 1-for-9 reverse stock split of our outstanding shares of common stock. In on December August 11, 2023, we completed a 1-for-100 reverse stock split of our outstanding shares of common stock.

On on January 24, 2024, December 21, 2023, the Company received formal notice from The Nasdaq Stock Market LLC confirming the Company had regained compliance with the minimum bid price requirement set forth in Nasdaq Listing Rule and 5550 1(a) (-for-100 reverse stock split on 2 September 17, 2024). On March 6, 2024, the Company received formal notice from Nasdaq confirming that it had regained compliance with the annual shareholder meeting requirement set forth in Nasdaq Listing Rule 5620(a).

As a result of the 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 did have not change changed the authorized number of shares or the par value of the common stock nor modified any voting rights of the common stock.

No proportionate adjustment was made to the number of shares reserved for issuance pursuant to the Company's 2022 Equity Incentive Plan (the "2022 Plan") pursuant to an amendment to the 2022 Plan approved by stockholders in August 2023, increasing the maximum aggregate number of shares of common stock and stock equivalents available for the grant of awards under the 2022 Plan by an additional 52,000,000 shares, which amount is not subject to any decrease or increase in the number shares of common stock resulting from a stock split, reverse stock split, recapitalization, combination, reclassification, the payment of a stock dividend on the common stock or any other decrease in the number of such shares of common stock effected without receipt of consideration by the Company.

No fractional shares were issued in connection with the reverse stock splits. All shares of common stock that were 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. As a result, an additional 321,048 shares were issued for the benefit of stockholders that would otherwise obtain fractional shares upon reverse stock split in December 2023.

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 (with \$833,431 value presented).

The retroactive impact of the latest reverse stock split on the shares of common stock decreased and additional paid-in-capital increased on previously reported for the fiscal year ended September 30, 2022). 2024 was as follows:

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

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.

During the nine months ended June 30, 2024, the COVID-19 pandemic did not have a material impact on our operating results. The Company has not observed any impairments of its assets or a significant change in the fair value of its assets due to the COVID-19 pandemic. At this time, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations, financial condition, or liquidity.

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 \$4.0 million \$2.7 million as of June 30, December 31, 2024. During the nine three months ended June 30, December 31, 2024, the Company used approximately \$145.2 \$25.6 million of cash for operating activities. The net working capital deficit on June 30, December 31, 2024 amounted to approximately \$59.0 million \$186.2 million, or \$10.4 million \$41.2 million after excluding derivative and warrant liabilities Series E Preferred Stock liability, ELOC commitment fees, and liabilities to issue stock that may are supposed to be settled by issuing common stock rather than without using cash. For the nine three months ended June 30, December 31, 2024, the Company incurred a net loss of \$327.0 million \$118.8 million and, and as of June 30, December 31, 2024, our accumulated deficit was \$2,143.3 million. There is substantial doubt about the Company's ability to continue as a going concern because the cash on hand is insufficient \$2.4 billion.

The Company believes that its available liquidity will not be sufficient to meet its working capital and capital expenditure requirements current obligations for a period of at least twelve months from the date of the filing of this Form 10-Q.

If these unaudited interim condensed consolidated financial statements. Accordingly, the Company does has concluded there is substantial doubt about its ability to continue as a going concern. During the quarter ended not 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 secure adequate assurance that these initiatives will be successful. Without additional funding, the Company may be unable to fulfill its current liabilities, it anticipates seeking continue operations and could be required to seek bankruptcy protection in various jurisdictions within 30 days of publishing the issuance of these financial statements. The Company is actively pursuing additional funds. However, there is These unaudited interim condensed consolidated financial statements do no not guarantee include any adjustments to the carrying amounts of assets or liabilities that may result from the Company will be able to restructure its debts and/or secure the necessary financing on favorable terms. 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 2023 2024 Annual Report for a detailed discussion of our significant 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 rates for the calculation of goodwill impairment, fair value and impairment of long-lived assets, including intangible assets, inventory reserves, accrued expenses, valuation, and fair value of financial instruments, depreciable lives of property and equipment, income taxes, contingencies, valuation of preferred stock and warrants. Additionally, the rates of interest on several debt agreements have been imputed where there was no stated interest rate within the original agreement. 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.

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MULLEN AUTOMOTIVE INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

Business Combination

Business acquisitions are accounted for in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805 "Business Combinations". FASB ASC 805 requires the reporting entity to identify the acquirer, determine the acquisition date, recognize and measure the identifiable tangible and intangible assets acquired, the liabilities assumed, and any noncontrolling interest in the acquired entity, and recognize and measure goodwill or a gain from the purchase. The acquiree's results are included in the Company's consolidated financial statements from the date of acquisition. Assets acquired and liabilities assumed are recorded at their fair values, and the excess of the purchase price over the amounts assigned is recorded as goodwill. Adjustments to fair value assessments are recorded to goodwill over the measurement period (not longer than twelve months). The acquisition method also requires that acquisition-related transaction and post-acquisition restructuring costs be charged to expense.

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity (generally, with original maturities of three months or less) that they present insignificant risk of changes in value because of changes in interest rates.

Restricted Cash

Cash obtained from customer deposits is held by the Company and is restricted from use to fund operations. Refundable deposits were \$414.5 thousand as of June 30, 2024.

Prepaid Expenses and Other Current Assets **Accounts receivable**

Prepaid expenses Accounts receivable consist of various advance payments made receivables from our customers for goods or services to be received in the future. 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 cost 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. This method 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. Any variances identified are recognized in the cost of revenues during the period in which they occur.

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MULLEN AUTOMOTIVE INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company regularly reviews its inventories inventory for excess quantities and obsolete items by assessing their net realizable value ("NRV"). The NRV is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. obsolescence. This analysis considers takes into account

factors such as demand forecasts, product life cycles, product development plans, and current market conditions. Allowance 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 recognized to reduce in excess of future demand forecast, the carrying value of the inventories to their net realizable value, 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 the cost of revenues in the period in which the write-down occurs. Adjustments to these estimates The Company records inventory write-downs for excess or obsolete inventories based upon assumptions about current and assumptions could impact our financial position and results future demand forecasts. If inventory on-hand is in excess of operations, 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

Description	Estimated useful lives
Buildings	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	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

Income taxes are recorded in accordance with ASC 740, "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" "separate" return method. Section 174 deduction capitalization and R&D credits are calculated using consolidated tax return rules and are allocated among its members. Tax effects The Company's income tax provision consists of significant unusual or infrequently occurring items are excluded from the estimated annual effective an estimate for U.S. federal and state income taxes based on enacted rates, as adjusted for allowable credits, deductions, uncertain tax rate calculation positions, changes in deferred tax assets and recognized liabilities, and changes in the interim period 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 they occur. 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 on 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.

MULLEN AUTOMOTIVE INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. These are transactions that occur during the ordinary course of business for which the ultimate tax determination may be uncertain. As of June 30, 2024 and 2023, there were no material uncertain tax positions.

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. 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 June 30, December 31, 2024 and September 30, 2023 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 (both intangible (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 the carrying amount in subsequent periods.

Extinguishment of Liabilities

The Company derecognizes financial liabilities when the Company's obligations are discharged, canceled, or expired.

Leases

The Company follows the provisions of ASC 842, "Leases," which requires a lessee to recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying leased asset for the lease term. We categorize leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow us to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Lease liabilities are recognized at the present value of the fixed lease payments, reduced by landlord incentives. Lease assets are recognized based on the initial present value of the fixed lease payments, reduced by landlord incentives, plus any direct costs from executing the leases or lease prepayments reclassified upon lease commencement. When we have the option to extend the lease term, terminate the lease before the contractual expiration date, or purchase the leased asset, and it is reasonably certain that we will exercise the option, we consider the option in determining the classification and measurement of the lease. Our leases may include variable payments, which are expensed as incurred. Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

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MULLEN AUTOMOTIVE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Contingencies and Commitments

The Company follows ASC 440 and ASC 450 to account for contingencies and commitments, 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.

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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 potential 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.

Accrued Expenses

Accrued expenses are expenses that have been incurred but not yet billed and paid and are classified within current liabilities on the consolidated balance sheets.

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 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. Certain 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 contain include a return provision, stating that they may return allowing unsold vehicles after 1 year, 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 sold the vehicles 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. For any amounts received (or receivable) for which the Company does not recognize revenue when it transfers products to customers, a refund liability is recognized. 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. The Company did not generate any significant revenue from its core business operations during the three and nine months ended June 30, 2024.

Cost of Revenues

The cost costs of revenues goods sold primarily includes 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 applicable primarily include write downs of inventory to sales and revenues, such as net realizable value, provisions for estimated warranty expenses, and an allowance to adjust the value of inventories to net realizable value, other similar costs.

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MULLEN AUTOMOTIVE INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 marketing, other selling expenses, settlements and penalties, taxes, and licenses. licenses, etc. Advertising costs are expensed as incurred and are included in general and administrative expenses. Trade G&A expenses, other than trade show expenses which are deferred until the occurrence of the future event in accordance with ASC 720-35, "Other Expenses – Advertising Cost." Advertising costs for the three and nine months ended June 30, December 31, 2024 and 2023 were approximately \$2.6 million \$0.4 million and \$16.2 \$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. These include expenses related to the design, development, testing, and improvement of our electric vehicles and corresponding technologies. Assets with alternative future uses are capitalized and depreciated over their useful lives, with the depreciation expense reported under research and development costs.

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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 a 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 the 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 on 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.

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MULLEN AUTOMOTIVE INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Fair Value of Financial Instruments

We apply ASC 825-10 defines fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis. Fair value is defined 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 that are required or permitted to be recorded at fair value, the Company management considers the principal or most advantageous market in which we it would transact and the market-based risk measurements or considers assumptions that market participants would use in when pricing the asset or liability, such as risks inherent in valuation techniques, risk transfer restrictions, and credit risk.

risk of non-performance. ASC 15 825

MULLEN AUTOMOTIVE INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fair :10 establishes a fair value is estimated by applying hierarchy that requires an entity to maximize the hierarchy as per requirements use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820, 825-10 "Fair value measurements", i.e.: 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, determining 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.

Expected credit losses

The estimation of expected credit losses that may be incurred as we work through the invoice collection process with our customers and other counterparties requires us to make judgments and estimates regarding the probability the amounts due to us are going to be paid. We monitor our customers' payment history and current creditworthiness to determine that collectability is reasonably assured. We also consider the overall business climate in which our customers and other counterparties operate. On June 30, 2024 and September 30, 2023, no material allowance for credit losses was needed to be recognized to cover anticipated credit losses under current conditions. However, uncertainties regarding changes in the financial condition of our counterparties, either adverse or positive, could impact the amount and timing of any additional credit losses that may be recognized.

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 June 30, December 31, 2024 and September 30, 2023 2024 are \$3.0 \$2.2 million and \$154.9 \$10.0 million, respectively.

Accounting Pronouncements

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

ASU 2022-04 - *Supplier Finance Program (SFP)*. This ASU requires that a buyer in an SFP disclose qualitative and quantitative information about its program, including the nature of the SFP and key terms, outstanding amounts as of the end of the reporting period, and presentation in its financial statements. This pronouncement has not impacted the Company's consolidated financial statements.

ASU 2016-13 - *Measurement of Credit Losses on Financial Instruments (CECL)*. This guidance, commonly referred to as Current Expected Credit Loss ("CECL"), changes impairment recognition to a model that is based on expected losses rather than incurred losses. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including trade receivables. The Company evaluated and determined the amendment did not have a material effect on the consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options* (Subtopic 470-20), and *Derivatives and Hedging—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 No. 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. For smaller reporting companies,

The Company applied ASU 2020-06 is 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.

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MULLEN AUTOMOTIVE INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following are accounting pronouncements that have been issued but are not yet effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Company is examining the impact this pronouncement may have on the Company's condensed consolidated financial statements. 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.

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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 chief operating decision maker, CODM, makes decisions about resources to be acquired, allocated and utilized for each operating segment. The Company is currently comprised of 2 two major operating segments:

- Bollinger. The Company acquired the controlling interest of Bollinger Motors Inc. (60% on a fully diluted basis) on September 7, 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/ELMS. By Mullen Commercial. In November 30, 2022, Mullen acquired ELMS 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).

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MULLEN AUTOMOTIVE INC.

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Segment reporting for the three and nine months ended June 30, 2024

	Bollinger	Mullen/ELMS	Total
Revenue for the three months ended June 30, 2024	\$ —	\$ 65,235	\$ 65,235
Revenue for the nine months ended June 30, 2024	—	98,570	98,570
Segment's net loss before impairment and income taxes for the three months ended June 30, 2024	(10,669,490)	(80,927,863)	(91,597,353)
Segment's net loss before impairment and income taxes for the nine months ended June 30, 2024	(29,877,457)	(195,505,316)	(225,382,773)
Segment's net loss before income taxes for the three months ended June 30, 2024	(10,669,490)	(80,957,923)	(91,627,413)
Segment's net loss before income taxes for the nine months ended June 30, 2024	(118,383,314)	(212,491,026)	(330,874,340)
Total segment assets	51,366,330	140,963,436	192,329,766

Segment reporting for the three months ended December 31, 2024			
	Bollinger	Mullen Commercial	Total
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 and nine months ended June 30, 2023			
	Bollinger	Mullen/ELMS	Total
Revenue for the three and nine months ended June 30, 2023	\$ —	\$ 308,000	\$ 308,000
Segment's net loss before income taxes for the three months ended June 30, 2023	(3,581,662)	(307,388,507)	(310,970,169)
Segment's net loss before income taxes for the nine months ended June 30, 2023	(17,390,822)	(789,925,204)	(807,316,026)
Total segment assets	246,933,087	313,042,431	559,975,518

Segment reporting for the three months ended December 31, 2023			
	Bollinger	Mullen Commercial	Total
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.

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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:

	June 30, 2024	September 30, 2023	December 31, 2024	September 30, 2024
Inventory				
Raw materials	\$ 21,134,725	\$ 13,733,385	\$ 14,005,521	\$ 12,658,123
Work in process	6,737,094	3,136,590	4,013,134	4,360,565
Finished goods	300,665	—	7,124,744	3,857,427
Finished goods delivered to dealer for distribution	9,662,400	937,322	16,626,998	16,626,997
Less: inventory write down to net realizable value	—	(1,000,284)		
Total Inventory	\$ 37,834,884	\$ 16,807,013	\$ 41,770,397	\$ 37,503,112

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 **nine** three months ended **June 30**, December 31, 2024, **approximately \$1.0 million** we recorded a loss of \$0.8 million to write the **Company's** inventories **was consumed for R&D activities, which was recognized as part of research down to net realizable value** (Mullen commercial segment) - mainly due to excess raw materials and **development expense in the consolidated statement of operations. slower-moving inventory.**

The net realizable value assessment considered the current expected selling prices of Mullen One, Mullen Three, and Bollinger **18 B4**

MULLEN AUTOMOTIVE INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 – GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The goodwill net carrying amounts of \$0 and \$28,846,832 as of June 30, 2024 and September 30, 2023, respectively, pertain to the Bollinger Motors Inc. acquisition on September 7, 2022. Goodwill is not amortized and is tested for impairment annually or more frequently if there are indicators of impairment. Upon the quantitative goodwill impairment test, an impairment may arise because the carrying amount of a reporting unit that includes goodwill (i.e., Bollinger production unit, see *Note 4 – Segment information*) exceeds its fair value. Management performed an impairment test on March 31, 2024, and recognized impairment in the amount of \$28,846,832 in the financial statements, mainly due to the uncertainty of future funding required to support Bollinger Motors' business operations and the decrease in the Company's market capitalization. As of June 30, 2024, the goodwill has been fully impaired.

Other intangible assets

Intangible assets with indefinite useful lives are not amortized but instead tested for impairment. Due to unfavorable market conditions and the decline of market prices of the Company's common stock, we have tested indefinite-lived in-process research and development assets acquired in September 2022 as part of the Bollinger segment (see *Note 4 - Segment information*) for recoverability on March 31, 2024 and recognized impairment loss in amount of \$58,304,612, mainly due to the uncertainty of future fundings required to support the business and decrease of Company's market capitalization. No additional impairment has been recognized based on tests performed as of June 30, 2024.

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 **8.1** **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. **An impairment loss in the amount of \$15,142,455 was recognized in respect of the intangible assets of the ELMS/Legacy Mullen segment (engineering designs) on March 31, 2024 - mainly due to performance misses compared to the previous budgets. Their accumulated amortization in the amount of \$1,057,877 was derecognized in correspondence with the initial cost to present the new cost basis of these assets in accordance with ASC 350-30. No additional impairment has been recognized based on tests performed as of June 30, 2024.**

	June 30, 2024			September 30, 2023			December 31, 2024			September 30, 20	
	Cost Basis	Accumulated Amortization	Net Carrying Amount	Cost Basis	Accumulated Amortization	Net Carrying Amount	Cost Basis	Accumulated Amortization	Net Carrying Amount	Cost Basis	Accumulated Amortization
Finite-Lived Intangible Assets											
Patents	\$ 32,447,460	\$ (5,881,476)	26,565,984	\$ 31,708,460	\$ (3,445,694)	\$ 28,262,766	\$ 32,447,460	\$ (7,517,183)	24,930,277	\$ 32,447,460	\$ (6,699,330)
Engineering designs	—	—	—	16,200,332	(184,274)	16,016,058					
Other	745,947	(270,584)	475,363	745,947	(158,590)	587,357	745,947	(345,792)	400,155	745,947	(308,188)
Trademarks	1,095,693	(197,934)	897,759	1,180,138	(115,682)	1,064,456	1,095,693	(253,169)	842,524	1,095,693	(225,552)
Total finite-lived intangible assets	34,289,100	(6,349,994)	27,939,106	49,834,877	(3,904,240)	45,930,637	34,289,100	(8,116,144)	26,172,956	34,289,100	(7,233,070)
Indefinite-Lived Intangible Assets											

Type of Debt	Unpaid Principal			Contractual	
	Balance	Current	Long-Term	Interest Rate	Maturity
Matured notes	\$ 2,398,881	\$ 2,398,881	\$ —	0.00 - 10.00 %	2019 - 2021
Real estate note	5,000,000	5,000,000	—	8.99 %	2024
Matured loan advances	332,800	332,800	—	0.00 - 10.00 %	2016 – 2018
Less: debt discount	(270,189)	(270,189)	—		
Total Debt	<u>\$ 7,461,492</u>	<u>\$ 7,461,492</u>	<u>\$ —</u>		
		Senior convertible notes	Senior convertible notes	Senior convertible notes	
Debt outstanding on December 31, 2024		May 2024 - October 2024	December 12 and 13, 2024	December 26-30, 2024	Bollinger loan Total
Issued				October 2024	—
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
Total net carrying amount	<u>\$ 3,217,643</u>	<u>\$ 1,364</u>	<u>\$ 140</u>	<u>\$ 10,000,000</u>	<u>\$ 13,219,147</u>
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	—

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

		Matured loans and advances	Senior convertible notes	Total
Debt outstanding on September 30, 2024			May 2024 - September 2024	
Issued	Before 2022			—
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	—	—	-	
Total net carrying amount	<u>\$ 2,717,804</u>	<u>\$ 2,681,973</u>	<u>\$ 5,399,777</u>	
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	—
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Scheduled Debt Maturities

The following are scheduled debt maturities as of **June 30, December 31, 2024**:

	Year Ended September 30,					
	2024 (3 months)	2025	2026	2027	2028	Total
Total Debt due (excluding debt discount)	\$ 7,739,695	\$ —	\$ —	\$ —	\$ —	\$ 7,739,695

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

Accrued interest

As of **June 30, December 31, 2024** and September 30, **2023, 2024**, accrued interest on outstanding notes payable was **\$1,751,479** \$0.04 million and **\$1,548,723, \$2.4 million**, respectively.

Non-convertible promissory note (terminated)

On December 18, 2023, Mullen entered into a Debt Agreement to issue a non-convertible secured promissory note (the "Note") with a principal amount of \$50 million, purchased for \$32 million, reflecting an \$18 million original issue discount. The issuance of this non-convertible Note was expected on **During** the first trading day when all closing conditions are met. The Note contemplated 10% annual interest, escalating to 18% post-Event of Default. It would mature three months post-issuance. The Note's terms allowed for accelerated repayment upon default, requiring **three months ended December 31, 2024** the Company to pay the principal, accrued interest, and other due amounts. The Note was supposed to be secured by the Company's assets and impose restrictions on the Company, limiting additional debt, asset liens, stock repurchases, outstanding debt repayment, and affiliate transactions, except for specified exceptions. It mandated prepayment **main part of the principal from net proceeds** accumulated interest was converted to shares of any subsequent financing, common stock, see below. The funds contemplated by the Debt Agreement have **weighted average interest rate on short term borrowings outstanding as of** not been received, and on May 7, **December 31, 2024** the Debt Agreement was **terminated**.

The \$18 million original issue discount was considered a settlement cost related to a dispute over financings that occurred during the fiscal year ending September 30, 2023. The costs have been accrued **15.8% (18.8% - as of September 30, 2023, 2024)** Since the loss is no longer probable, the accrual was credited to "Settlements and penalties" approximates effective interest rate as of those dates. Amortization of the operating expenses (see debt discounts and issuance costs during the **Note three months ended 16— December 31, 2024 Operating Expenses**) in amounted to \$17.7 million (during the quarter ending **June 30, 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**).

Series D Convertible Notes Matured notes and advances

On **In November 14, 2022, October 2024**, the Company **entered into Amendment No.** 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 ("Amendment (a)(No.3" 9) to the **June 7, 2022, Securities Purchase Agreement** (as amended, the "Series D SPA"). The investors paid \$150 million. Instead of receiving shares of Series D Preferred Stock and warrants, they received notes convertible into shares of the Company's common stock ("Notes") and warrants.

Amendment No.3 further provided that the remaining \$90 million of the commitment amount will be paid in the first half **Securities Act of 2023 1933** in two tranches. The purchase price per share **by issuance** of Series D Preferred Stock would be the lower of (i) \$1.27 (\$28,575 after reverse stock splits, see **Note 1 - Description of Business and Basis of Presentation**), the closing price of the Company's stock on the date the Securities Purchase Agreement was executed, or (ii) the closing price of the common stock on the trading day immediately preceding the respective purchase date, subject to a floor price of \$0.10 per share. For no additional consideration, for every share of Series D Preferred Stock purchased, investors received warrants to purchase shares of common stock equal to 185% of the **number Company worth** of \$3 million. The liability was fully settled by **December 2024** by issuing **21,280** shares of **Series D Preferred Stock** purchased by the investors at an exercise price equal to the purchase price for shares **common stock in several installments**. The transaction resulted in recognition of Series D Preferred Stock (the warrants also permit cashless exercise) **gain on extinguishment of \$1.5 million**. The Company exercised its right and received these investments in April and June 2023, see **Note 8 - Warrants and Other Derivative Liabilities and Fair Value Measurements**.

On Bollinger loan

In **November 15, 2022, 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 **Company issued** production and sale of Bollinger's Class 4 EV truck, the **unsecured convertible Notes**

aggregating \$150,000,000 in lieu of Series D Preferred Stock.^{B4} The Notes bore note bears interest at 15% per annum, with interest-only payments starting November 29, 2024, and were convertible into shares principal repayment due by October 30, 2026 (or earlier, upon Event of common stock either: (A) at the option Default). It is secured by part of the noteholder at the lower assets of (i) \$0.303 (to be adjusted Bollinger Motors (now owned or hereafter acquired), excluding inventory and certain intellectual property that does not relate to stock splits); or (ii) the closing price of our common stock on January 3, 2023; or (B) mandatorily on November 21, 2022, at the lower of (i) \$0.303 (\$6,818 after reverse stock splits, see Note 1—Description of Business and Basis of Presentation); or (ii) the closing price of our common stock on November 18, 2022, provided adequate unissued authorized shares were available. For each share issued upon conversion, the holders were entitled to 1.85 times as many five-year warrants with an exercise price equal to the conversion price for the Notes. commercial vehicles.

As a result, and since the Company had an insufficient number of authorized shares available to settle potential future warrant exercises, the Company recognized a derivative liability of \$244,510,164 for the warrants with a corresponding increase in debt discount of \$150,000,000 and interest expense of \$94,510,164 (presented combined in the Statement of Operations as "Other financing costs - initial recognition of derivative liabilities"). The debt discount was amortized over the term of the Note through the date the Senior secured convertible notes were mandatorily convertible. Accordingly, the entire amount was expensed in the first quarter of the year ended September 30, 2023. On November 21, 2022, the principal of \$59,402,877 was mandatorily converted into 9,815 shares of common stock.

On (issued before December 23, 2022, 2024) the Company defaulted on the Notes by not having sufficient authorized shares to allow for both the Notes to be fully converted and the warrants to be exercised. On January 13, 2023, the Company entered into a Settlement Agreement and Release in which investors waived the default prior to February 1, 2023. In exchange, the Company granted the investors the right to purchase additional shares of Series D Preferred Stock and warrants in an amount equal to such investor's pro rata portion of \$10 million. This right expired on June 30, 2023.

In February 2023, the holders converted the remaining balance of the Notes (with the principal of \$90,362,418) and accrued interest (in the amount of \$3,456,941) into 13,762 shares of common stock. See Note 8—Warrants and Other Derivative Liabilities and Fair Value Measurements regarding warrants issued upon conversion of these Notes.

\$50 Million Senior Secured Convertible Notes and Warrants

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 notes ("Convertible Notes" Senior convertible notes") and five-year warrants exercisable for shares of common stock (the "Warrants"). Upon execution of the Securities Purchase Agreement,

The investors purchased an initial aggregate principal amount of \$13.2 million \$52.6 million, or \$12.5 million \$50 million, including the 5% original issue discount of Convertible Notes Senior convertible notes (the "Initial Notes"), and. In connection with the issuance of the Senior convertible notes, the holders also received Warrants 5-year warrants exercisable for an aggregate of 4,793,402 shares of common stock (the "Initial Warrants"). Investors were also obligated to purchase an additional principal amount of \$39.5 million, or \$37.5 million including the 5% original issue discount, of Convertible Notes and related Warrants if (i) the Company has sufficient authorized shares of common stock available to cover 250% 200% of the shares of common stock underlying the conversion of the Convertible Notes and exercise of the Warrants, (ii) the common stock has an average daily trading volume of \$3 million such Senior convertible notes, see further details in the previous Note ten 8 (10) trading days, (iii) a registration statement covering the shares of common stock underlying the conversion of the Convertible Notes and exercise of the Warrants has been declared effective, (iv) the Company has obtained stockholder approval of the issuance of the Convertible Notes and Warrants in compliance with Nasdaq Listing Rule 5635(d), and (v) the Company is in compliance with the continued listing standards of the Nasdaq Capital Market. Such additional Convertible Notes and Warrants were issued in July 2024..

The Convertible Notes Senior convertible notes accrue interest at 15%, including a 5% Original Issue Discount, 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 Convertible Notes 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) \$3.61, after the reverse stock split - \$21,660), or (iii) 95% of the lowest daily volume weighted average price in the five (5) (5) trading days prior to such conversion date, provided that the conversion price will not be less than \$1.16 per share. share (not subject to adjustment for reverse stock splits).

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As security for payment of the amounts due and payable under the Convertible Notes, 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 Convertible Notes Senior convertible notes are senior in right of payment to all other current and future notes to which the Company is a party. The Convertible Notes 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.

In connection with the issuance of the Convertible Notes, the holders also received 5-year warrants exercisable for 200% of the shares of common stock underlying such 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), 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 \$0.10.

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), (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), (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 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.

The Convertible Notes 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.

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The Company and the investors also executed a registration rights agreement, pursuant to which the Company agreed to file a registration statement within five days following the closing of the Securities Purchase Agreement. Such registration statement registered for resale by the selling stockholders listed therein, up to 20,000,000 shares of common stock issuable upon exercise of the Initial Notes and the Initial Warrants, and was declared effective on May 29, 2024. 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 (except with respect to clause (ii). 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.

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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 Convertible Notes 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 have been given the right, but not the obligation, to purchase an additional \$52.6 million of 5% Original Issue Discount Senior Secured Convertible Notes 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 Convertible Notes 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 Convertible Notes 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.

On

The Senior convertible notes that remained unconverted (in amount of \$20.3 million as of May 14, September 30, 2024 upon execution 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 Securities Purchase Agreement, loan that matured in September 2024 and the investors purchased 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 initial additional aggregate principal amount of \$13.2 million, or \$12.5 million, including the 5% original issue discount, approximately \$0.6 million of Notes and also received 4,793,402 Warrants.

These warrant liabilities 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) was based predominantly on a fixed monetary value. At each warrant exercise date and each accounting period end, the warrant liability for the remaining unexercised warrants is carried forward subsequently at fair value and the gain or loss from revaluation is recorded within the line item "Gain/(loss) on other warrants revaluation". The fair value of the warrants is based on the fair value of the shares they are exercisable into. Upon initial recognition, the warrant liability fair value was \$25.9 million. Additionally, we recognized derivative liabilities for \$0.5 upon execution of the contract (the company's obligations upon an event of default not connected clearly and closely with general debt obligations). The resulting discount senior secured convertible notes under additional investment rights pursuant to the carrying amount 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 the Convertible business and basis of presentation). These Notes (\$13.2 million) will be amortized over the life of the note have identical terms and recognized as interest expense under the effective interest method during the conditions to those previously issued and described above, including maturity in 4 months ending September 30, 2024. Excess of initial fair value of warrants over the amount of cash proceeds for \$13.7 million is presented in the consolidated statement of operations as "Other financing costs - initial recognition of warrants".

In May 2024, \$8.1 million of notes and accumulated interest were converted to 2,281,377 shares of the Company's common stock. months.

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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 June 30, December 31, 2024, the outstanding Senior convertible notes in default amounted to \$5.0 million \$3.8 million (with a debt discount to Senior convertible notes of \$5.0 million \$0.6 million) and were potentially convertible into 2,182,734 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 June 30, December 31, 2024, was \$0.1 \$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 potentially theoretically be liable to issue approximately 97,600 1,176 shares more. If the lowest daily VWAP in the five trading days prior to June 30, December 31, 2024, was \$0.1 \$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 potentially theoretically be liable to issue approximately 81,500 1,137 shares less. The maximum number of shares that could theoretically be issued upon conversion of these notes, was 4.6 million (if shareholders' approval 54,353, and would have been 3,261,181 if the February 2025 1:60 reverse stock split was obtained and made effective before December 31, 2024 (if the lowest daily VWAP in the five trading days before such prior to conversion date decreased to or below \$1.16).

Outstanding warrants Senior secured convertible notes issued in December 2024

On December 12 and 13, 2024, the Company issued an additional aggregate principal amount of 4,793,402 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 a carrying value 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 \$25.8 million as 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 June 30, 2024, \$4.6 million) were potentially exercisable convertible into 10,741,234 66,519 shares of common stock. Exercise Conversion of the warrants notes depends on closing bid the lowest daily volume weighted average price in of the last Company's common stock ("VWAP") subject to a \$1.16 floor (2 not days. 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 closing bid price daily VWAP in the last 2 five trading days prior to June 30, December 31, 2024, was \$0.1\$1 less (and the February 2025 1:60 reverse stock split was made effective before December 31, 2024), the Company, upon full exercise conversion of outstanding warrants, notes, would potentially theoretically be liable to issue approximately 469,000 1,439 shares more. If the lowest closing bid price daily VWAP in the last 2 five trading days prior to June 30, December 31, 2024, was \$1 higher (and the \$0.1 February 2025 1:60 higher, reverse stock split was made effective before December 31, 2024), the Company, upon full exercise conversion of outstanding warrants, notes, would potentially theoretically be liable to issue approximately 431,400 1,391 shares less. The maximum number of shares that could theoretically be issued upon exercise conversion of these warrants notes, was 256.7 million (if shareholder approval 66,519, and would be 3,991,130 if the February 2025 1:60 reverse stock split was obtained and made effective before December 31, 2024 (if the lowest closing bid price daily VWAP in the last 2 five trading days before such prior to conversion date decreased to or below \$0.1) \$1.16).

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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).

Only 17.8 million shares remained registered under S- The new Additional Investment Rights granted in 1 December as of well as the notes and warrants issued on June 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, has reached upon full conversion of outstanding notes, would theoretically be liable to issue approximately 1,309 shares more. If the limit lowest daily VWAP in the five trading days prior to December 31, 2024, was \$1 higher, the Company, upon full conversion of issuance outstanding notes, would theoretically be liable to issue approximately 1,265 shares less. The maximum number of shares without appropriate 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, from shareholders (20% limit established by NASDAQ) see above).

The Convertible Notes were in technical default on the balance sheet date because the Company failed to obtain shareholders' approval by Upon initial recognition of all June 28, December 2024 as was required by Senior convertible notes, the contract. This gave investors fair value of issued warrants exceeded the right amount of proceeds (see Note 8 - Warrants and other derivative liabilities and fair value measurements). The resulting discount to demand immediate repayment the carrying amount of the outstanding notes. None Senior convertible notes is amortized over the life of the investors utilized this right to accelerate payment. An increased note and recognized as interest rate of expense under the effective interest method during the 20% 4 was applied until the Company obtained shareholders' approval for this transaction months after the balance sheet date on July 9, 2024. of the relevant tranche.

The Company also signed a commitment letter agreement with an investor for a total investment of \$100 million through the issuance of Senior Secured Convertible Notes and Warrants. The Convertible Notes will accrue interest at 15%, include a 5% Original Issue Discount, and have a maturity of four months. They may 25be issued in eight tranches of \$12.5 million over 13 months. The investor may receive a \$4 million non-refundable commitment fee, payable in registered common stock. Other conditions are similar to those described above for the \$50 million Financing Arrangement. The completion of this transaction remains contingent upon mutual consent and the execution of final documentation by both parties.

MULLEN AUTOMOTIVE INC.

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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, and debt 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 must be only required to be measured at fair value when acquired as a part of a business combination or when an impairment loss is recognized. See Note 14—Property, Plant, and Equipment and Note 6—Goodwill and Other Intangible Assets for further information. All these valuations are based on Level 3—Unobservable inputs to the valuation methodology that are significant to the measurement of the 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 25 7

MULLEN AUTOMOTIVE INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- Debt.

Financial Liabilities Measured at Fair Value on a Recurring Basis

During the nine three months ended June 30, December 31, 2024, and 2023, the Company had the following financial liabilities measured at fair value on a recurring basis:

Preferred C Warrants

The warrants, which were exercisable for common stock, were issued in connection with the sale of Series C Preferred Stock (the “Preferred C Warrants”) in accordance with the November 2021 Merger Agreement and further amendments. They had an exercise price per share of \$8.834 (after the reverse stock splits—\$198,765) and a cashless exercise option based on a formula established by relevant contracts.

These warrant liabilities were recognized as liabilities due to requirements of ASC 480 because the variable number of shares to be issued upon cashless exercise (which was deemed to be the predominant exercise option) was based predominantly on a fixed monetary value. These warrant liabilities were also classified as derivatives in accordance with ASC 815. At each warrant exercise date and each accounting period end, the warrant liability for the remaining unexercised warrants was carried forward subsequently at fair value.

During the quarter that ended December 31, 2022, the remaining 132 Preferred C Warrants that were outstanding as of September 30, 2022, were fully exercised on a cashless basis.

Preferred D Warrants

In accordance with Series D SPA (see Note 7 - Debt), for every share of Series D Preferred Stock purchased, the investors received 185% (for the final \$100 million voluntary investment right expiring June 30, 2023 - 110%) warrants (the “Preferred D Warrants”) exercisable for shares of common stock at an exercise price equal to the lower of (i) \$1.27 (after the reverse stock splits - \$28,575) or (ii) the market price of common stock on the trading day immediately preceding the purchase notice date. The Preferred D Warrants are exercisable during a five-year period commencing upon issuance. The contracts for the Preferred D Warrants contain cashless exercise provisions similar to the Preferred C Warrants described above. Therefore, management applied similar accounting treatment to the recognition, measurement, and presentation of the warrant liabilities.

In September 2022, the Company received an initial investment amount of \$35 million (exercise price was \$0.4379, or \$9,853 after reverse stock splits) and issued to investors 79,926,925 shares of Series D Preferred Stock and 263 Preferred D Warrants (hereinafter warrants and shares of common stock are presented giving effect to the reverse stock splits, see Note 1—Description of Business and Basis of Presentation). By September 30, 2022, no Preferred D Warrants were exercised, and all Preferred D Warrants remained outstanding, with a fair value of \$55,398,551 on September 30, 2022. During the quarter ended December 31, 2022, all initial Preferred D Warrants were exercised cashless for 10,182 shares of common stock.

In November 2022, the Company received \$150,000,000 and issued notes convertible into shares of common stock and Preferred D Warrants in lieu of Series D Preferred Stock. As a result of the conversion of the convertible debt into shares of common stock in November 2022 and February 2023, 43,616 Preferred D Warrants were issued. By June 30, 2023, all these Preferred D Warrants were exercised on a cashless basis for 93,664 shares of common stock.

MULLEN AUTOMOTIVE INC.
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During Warrants issued with the Senior secured convertible notes (and additional investment rights)

As described in the Note April 2023, we exercised our investment rights - Debt, in connection with the issuance of the Senior convertible notes under May 14, 2024 contract, the Series D SPA and requested an additional \$45 million (exercise price was \$0.1 or \$2,250 after reverse stock splits), issuing to investors: 273,363,635 Series D Preferred Stock, 7,851 holders also received 5-year warrants exercisable for 200% of the shares of common stock (in lieu underlying such Senior convertible notes at an exercise price equal to 105% of Series D Preferred Stock) the closing sale price of the common stock on the execution date (i.e., and 37,000 Preferred D Warrants (post \$6.07, after the reverse stock split). splits - \$36,420), subject to further adjustment. The warrant liability recognized initially amounted Warrants also provide for cashless exercise pursuant to \$73,260,454. By June 30, 2023, all these Preferred D Warrants were exercised on which the holder will receive upon exercise a cashless basis for 147,672 "net number" of shares of common stock (post 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 split) splits, see Note 1 - Description of business and basis of presentation).

In June 2023, we exercised For purposes of the second half cashless exercise, "Black Scholes Value" means the Black Scholes value of our investment right for \$45 million (exercise price was \$0.432 or \$388.8 after reverse stock splits) and, in lieu of Series D Preferred Stock, investors received: 60,778 shares of common stock and 54,962 prefunded warrants exercisable an option for one share of common stock each, as well as 214,120 Preferred D Warrants.

In June 2023, oneat the date of the investors exercised their investment rights applicable cashless exercise. As such, the Black Scholes value is determined and invested \$7 million (the exercise calculated using the Black Scholes Option Pricing Model obtained from the "OV" function on Bloomberg utilizing (i) an underlying price was \$0.52 or \$468 per share equal to the Exercise Price, as adjusted (i.e., \$6.07, after the reverse stock splits). The Company issued, 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 lieu effect at the time of Series D Preferred Stock, 14,957 shares 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 common stock and 27,671 Preferred D Warrants. the Warrant of five years (regardless of the actual remaining term of the Warrant).

The pool of investors exercised final voluntary investment rights under the Series D SPA in June 2023. The Company received \$100 million (exercise price was \$0.1601, or \$144.09 after reverse stock splits, for majority of investors, and \$0.1696, or \$152.64 after reverse stock splits, for one investor), issuing to investors, in lieu of Series D Preferred Stock: 183,731 shares of common stock and 508,159 prefunded warrants exercisable for one share of common stock each, as well as 761,079 Preferred D Warrants.

Upon initial accounting of these investments, the warrant liability recognized in June 2023 amounted to \$254,962,776. By September 30, 2023, some of these prefunded warrants and Preferred D Warrants were exercised on a cashless basis for 2,194,413 shares of common stock (post reverse stock splits).

As of September 30, 2023, none of the prefunded warrants and 382,436 Preferred D Warrants (recognized as liabilities in the consolidated balance sheets) exercisable into 1,438,009 shares of common stock with fair value of \$64,739,175 remained outstanding.

During the nine months ended June 30, 2024, all remaining Preferred D Warrants were exercised on a cashless basis for 5,552,919 shares of common stock (post reverse stock splits), and there are no more Preferred D Warrants outstanding.

The fair value of warrant obligations was calculated based on the number and market value of shares that can be issued upon the exercise of the warrants. The number of shares to be issued in accordance with relevant agreements is variable. It depends on (i) the lowest closing market price of shares for 2 days before the exercise and (ii) the multiplier calculated based on Black Scholes formula where all elements, except for risk-free rate, are fixed on the investment date. Accordingly, the fair value of warrants on the recognition date and on subsequent dates was estimated as a maximum of (i) Black Scholes value for cash exercise of relevant warrants and (ii) current market value of the number of shares the Company would be required to issue upon cashless warrant exercise on a relevant date in accordance with warrant contract requirements. The latter valuation, based on observable inputs (level 2), has been higher and reflects the pattern of the warrants exercise since the inception of the Series D SPA.

At each warrant exercise date and each accounting period end, the warrant liability for the remaining unexercised warrants is restated to current fair value, and the gain or loss from revaluation is recorded in the consolidated statement of operations as a "Gain / (loss) on derivative liability revaluation."

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All the warrants mentioned in this section contracts provide that if the Company issues or sells, enters into a definitive, binding agreement according 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. The 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

Other derivative liabilities 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.

Other 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 recognized and remeasured when requirements of ASC 815 were met. The warrant liabilities for the remaining unexercised warrants are carried forward subsequently at fair value include embedded derivatives issued with convertible notes (primarily, automatic increase in interest rate upon an event of default and optional conversion features that were not clearly the gain or loss from revaluation is recorded within the line item "Gain/(loss) on warrants and closely related to the economic characteristics derivative liability revaluation" at each warrant exercise date and risks of a debt host), and preferred stock that failed equity presentation when the Company had an insufficient number of authorized shares available to settle all potential future conversion transactions. They were carried at fair value and have been reclassified to equity respectively upon conversion of the notes, and authorization of increase of common stock available for issuance by stockholders of the Company during each accounting period end.

During the three months ending ended March 2023, December 31, 2024,

Warrants the Company issued with 319 warrants as part of consideration for the \$50.5 Million Senior Secured Convertible Notes.

On million provided under the Additional investment right of the May 14, 2024 upon execution of the Securities Purchase Agreement, the investors purchased an initial aggregate principal amount of \$13.2 million, or \$12.5 million, including the 5% original issue discount, of Notes contract in October and also received 4,793,402 warrants. These warrants are recognized and subsequently carried at fair value. More information is presented in the on December 12, 2024 (see Note 7 - Debt \$50 Million Senior Secured Convertible Notes and Warrants. The table below classifies these liabilities as having significant other observable inputs (level 2).

Qiantu Warrants 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 March December 31, 2024, 14,2023, the Company entered into an Intellectual Property and Distribution Agreement (the "IP Agreement") with Qiantu Motor (Suzhou) Ltd. and two of Qiantu Suzhou's affiliates (herein "Qiantu"). Pursuant to the IP Agreement, Qiantu granted the Company the exclusive license to use certain of Qiantu's trademarks and the exclusive right to assemble, manufacture, and sell the homologated vehicles based on the Qiantu K-50 model throughout North America and South America for a period of five years. As also issued 320 warrants as part of consideration for the Company's entry into the IP Agreement, \$5 million receivable under additional investment right (similarly, to other investments, the Company has also issued to Qiantu USA warrants to purchase shares a 5% original issue discount senior secured convertible note with a principal of \$5.3 million, with the Company's common stock (the "Qiantu Warrants"). The Qiantu warrants, per contract, are exercisable at Qiantu USA's discretion at any time from September 30, 2023, up to and including September 30, 2024. The Qiantu Warrants have anti-dilution provisions terms similar to those described above, but they provide for an exemption for Series D Preferred Stock transaction rights and obligations that existed when other May 14 notes, see Note 7 - Debt above). This amount was paid by the Qiantu Warrants were issued. As it investor later, on January 2, 2025. The \$5 million due from investor was expected that the Company may not have a sufficient number of authorized shares of common stock available for issuance during the term of the contract (up to September 2024), and the shares to be issued upon possible exercise of warrants have not been registered, the Qiantu Warrants were recognized at fair value on inception (\$6,814,000) and on each subsequent period end. Due to the decline recorded as other current assets in the market price of shares, the fair value of Qiantu Warrants as of June 30, 2024, decreased to \$471,947. The difference was recognized within gains (losses) on derivative liabilities revaluation in the condensed consolidated statements of operations, balance sheets. Upon issuance and revaluation of the instruments, the Company estimated initial recognition, the fair value of these derivatives using warrants was \$11.3 million (based on the Black-Scholes Pricing Model market price the day before transaction) and binomial option valuation techniques 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 following assumptions: (1) dividend yield investment right execution. These additional investment rights are subject to shareholders' approval.

Exercise of 0%, (2) expected annualized volatility remaining warrants (on a cash or cashless basis) is available to investors for a period of 198-222%, and (3) risk-free interest rate approximately 4.5 - 5 years. Outstanding warrants in amount of 4.3% to 4.7%. The table below classifies these liabilities 3,288 with carrying value of \$126.8 million as having significant unobservable inputs (level of 3 December 31, 2024). were potentially exercisable (under cashless basis) for approximately 1,760,968 shares of common stock.

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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).

Liabilities settlement agreement (SCC) Additional warrants issued in December 2024

On May December 26 and 13, December 30, 2024, 2024, the Company entered into a Settlement Agreement received \$4 million investments under the additional investment right and Stipulation (the "SAS") with Silverback Capital Corporation ("SCC"), pursuant issued 137,599 warrants (hereinafter - giving retroactive effect to which reverse stock split). These warrants have terms similar to those described above, except for the Company agreed to issue 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 SCC in exchange for the settlement of an aggregate of \$4.6 million (the "Settlement Amount") to resolve outstanding overdue liabilities with different vendors. On May 29, \$0.6 2024, the Circuit Court of the Twelfth Judicial Circuit in (after reverse stock split), and for Manatee County, Florida, entered an order approving, among other things, the fairness of the terms and conditions of an exchange pursuant to Section 3(a)(10) of the Securities Act in accordance with a stipulation of settlement, pursuant to the SAS between the Company and SCC. Pursuant to the terms of the SAS approved by the order, the Company agreed to issue to SCC shares (the "Settlement Shares") of common stock. The (b) exercise price of the Settlement Shares is calculated as warrants was reset and amounted to 75% \$67 of the average of the 3 lowest prices traded during the valuation period. The Settlement Agreement provides that the Settlement Shares will be issued in one or more tranches, as necessary, sufficient to satisfy the Settlement Amount through the issuance of securities issued pursuant to Section 3(a)(10) of the Securities Act. (after reverse stock split).

Upon initial recognition, of the transaction, the Company derecognized the liability to vendors in the amount of \$4.6 million and recognized derivative liabilities to SCC in the amount of \$7.0 million, calculated based on 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 that can be issued and their exercise (on a cash or cashless basis) is available to SCC to satisfy the claims. The financial result in the amount investors for a period of \$2.3 million was recognized as "Other financing costs—initial recognition of derivative liabilities" in the consolidated statement of operations.

In connection with the SAS, the Company issued 1,022,500 shares of common stock to settle a part of the liability up to approximately June 30, 2024. 5 years.

As described above, number of June 30, 2024, derivative liabilities to SCC shares upon cashless exercise of these warrants depends on closing bid price in the amount last 2 days, subject to floor of \$3.1 million remain outstanding, calculated as a fair value of 1,307,172 shares of common stock that could be required to settle an obligation on that date. The table below classifies these liabilities as having significant other observable inputs (level 2 \$0.60.). If the average of lowest closing bid price in the last 32 lowest prices traded during days prior to December 31, 2024 was \$1 less (and the valuation period were \$0.1 less on June 30, 2024, February 2025 1:60 reverse stock split was made effective before December 31, 2024), the Company, upon a request from SCC, full exercise of these warrants, would potentially be liable to issue approximately 57,800 2,067 shares more. If the average of lowest closing bid price in the last 32 lowest prices traded during days prior to December 31, 2024 was \$1 higher (and the valuation period were \$0.1 higher on June 30, 2024, February 2025 1:60 reverse stock split was made effective before December 31, 2024), the Company, upon a request from SCC, full exercise of these warrants, would potentially be liable to issue approximately 53,100 2,839 shares more. less. The maximum number of shares that could theoretically be issued under this contract is upon exercise of these warrants was 13,559,182 (if the lowest closing bid price in the last not 2 explicitly limited. However, SCC may, at its discretion, rescind the contract (and the Company will remain liable days prior to vendors for remaining obligations) under certain conditions, including if the market price of the shares drops such date decreased to or below \$2.50. \$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.

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Breakdown of items recorded at fair value on a recurring basis in consolidated balance sheets by levels of observable and unobservable inputs as of **June 30, December 31, 2024** and on September 30, **2023 2024** is presented below:

	June 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	\$ 29,530,178	\$ —	\$ 29,058,231	\$ 471,947

	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, 2023	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	\$ 64,863,309	\$ —	\$ 64,739,175	\$ 124,134

	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:

Balance, September 30, 2023	\$ 64,863,309
Derivative liabilities recognized upon issuance of convertible instruments	2,140,496
Other warrants recognized upon issuance of convertible instruments	25,861,899
Loss / (gain) on revaluation	805,135
Conversions of derivatives into common shares	(71,126,401)
Derivatives issued upon extinguishment of accounts payable	6,985,740
Balance, June 30, 2024	\$ 29,530,178

Balance, September 30, 2022	\$ 84,799,179
Derivative liabilities recognized upon issuance of convertible instruments	499,737,254
Derivative liability recognized upon authorized shares shortfall	11,978,166
Loss / (gain) on derivative liability revaluation	89,462,559
Reclassification of derivative liabilities to equity upon authorization of sufficient common shares	(47,818,882)
Financing loss upon over-issuance of shares from warrants	8,934,892
Receivables upon over-issuance of shares from warrants	17,721,868
Reclassification to liability to issue shares upon unfinished warrant exercise on period end	(5,378,806)
Conversions of warrants into common shares	(509,117,758)
Balance, June 30, 2023	<u>\$ 150,318,472</u>

Balance, September 30, 2024	\$ 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)
Balance, December 31, 2024	<u>\$ 136,989,818</u>
Balance, September 30, 2023	\$ 64,863,309
Loss / (gain) on derivative liability revaluation	6,728,980
Conversions of warrants into common shares	(50,877,669)
Balance, December 31, 2023	<u>\$ 20,714,620</u>

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MULLEN AUTOMOTIVE INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 – STOCKHOLDERS' EQUITY

Common Stock

At a special meeting on January 25, 2023, stockholders approved the proposal to increase the Company's authorized common stock capital from 1.75 billion to 5 billion shares. At June 30, December 31, 2024, the Company had 5 billion shares of common stock authorized with \$0.001 par value per share.

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As described in detail in Note 1 - Description of Business and Basis of Presentation above, by December 31, 2023, the Company has effectuated a series of 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 Company had 16,058,994 and 2,871,707 shares of common stock (post reverse stock splits) issued and outstanding on June 30, 2024 and September 30, 2023, respectively.

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.

When the Company receives a warrant exercise notice or preferred stock conversion notice close to the balance sheet date and issues a relevant order to a transfer agent, which is effectively exercised only after the balance sheet date, relevant shares of common stock are presented in the balance sheet as common stock owed but not issued.

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 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 preceding, 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 June 30, December 31, 2024, pursuant to its terms of Preferred Stock conversion, the Company had remaining 126,263,156 126,263,159 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 Note 18—Series E Preferred Stock) a separate section below), Series AA Preferred Stock (cancelled) (cancelled, see below), and Series A-1 Junior Participating Preferred Stock (see Stockholder Rights Agreement above).

Transactions There were no transactions with Preferred Stock during the three and nine months ended June 30, December 31, 2024 and during the three and nine months ended June 30, December 31, 2023 as presented in the table below. For more information on extinguishment of Series C Preferred Stock and issuance of Series E Preferred Stock, please see Note 18 – Series E Preferred Stock.

	Preferred Stock		Preferred Stock		Preferred Stock		Preferred Stock		Preferred Stock	
	Total		Series A		Series C		Series D		Series AA	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Balance, October 1, 2023	1,575,502	\$ 1,576	648	\$ 1	1,211,757	\$ 1,212	363,097	\$ 363	—	\$ —
Extinguishment of Series C P/S by issuance of Series E P/S	(1,211,299)	(1,212)	—	—	(1,211,299)	(1,212)	—	—	—	—
Balance, June 30, 2024	364,203	\$ 364	648	\$ 1	458	\$ —	363,097	\$ 363	—	\$ —
Balance, April 1, 2024	1,575,502	\$ 1,576	648	\$ 1	1,211,757	\$ 1,212	363,097	\$ 363	—	\$ —
Extinguishment of Series C P/S by issuance of Series E P/S	(1,211,299)	(1,212)	—	—	(1,211,299)	(1,212)	—	—	—	—
Balance, June 30, 2024	364,203	\$ 364	648	\$ 1	458	\$ —	363,097	\$ 363	—	\$ —
Balance, October 1, 2022	5,721,897	\$ 5,721	1,924	\$ 2	1,360,321	\$ 1,360	4,359,652	\$ 4,360	—	\$ —
Issuance of preferred stock, common stock and prefunded warrants in lieu of preferred stock	273,363,635	273,364	—	—	—	—	273,363,635	273,364	—	—
Issuance of common stock for conversion of preferred stock and dividends	(277,511,343)	(277,510)	(888)	(1)	(150,265)	(149)	(277,360,190)	(277,360)	—	—
Preferred shares series AA issued to officers	1	—	—	—	—	—	—	—	1	—
Preferred shares series AA refund	(1)	—	—	—	—	—	—	—	(1)	—
Balance, June 30, 2023	1,574,189	\$ 1,574	1,036	\$ 1	1,210,056	\$ 1,210	363,097	\$ 363	—	\$ —
Balance, April 1, 2023	1,574,580	\$ 1,575	1,426	\$ 2	1,210,056	\$ 1,210	363,098	\$ 363	—	\$ —
Issuance of preferred stock, common stock and prefunded warrants in lieu of preferred stock	273,363,635	273,364	—	—	—	—	273,363,635	273,364	—	—
Issuance of common stock for conversion of preferred stock and dividends	(273,364,026)	(273,365)	(390)	(1)	—	—	(273,363,636)	(273,364)	—	—
Balance, June 30, 2023	1,574,189	\$ 1,574	1,036	\$ 1	1,210,056	\$ 1,210	363,097	\$ 363	—	\$ —
	Preferred Stock		Preferred Stock		Preferred Stock		Preferred Stock		Preferred Stock	
	Series A		Series C		Series D		Total			
	Shares	Amount	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		
Balance, December 31, 2023	648	\$ 1	1,211,757	\$ 1,212	363,097	\$ 363	1,575,502	\$ 1,576		
Balance, October 1, 2024	648	\$ 1	458	\$ —	363,097	\$ 363	364,203	\$ 364		
Balance, December 31, 2024	648	\$ 1	458	\$ —	363,097	\$ 363	364,203	\$ 364		

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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 during three and nine months ended June 30, 2024 and 2023, 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 June 30, December 31, 2024 was approximately \$0.5 million.

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MULLEN AUTOMOTIVE INC.
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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 June 30, December 31, 2024 and 2023).

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 June 30, December 31, 2024 and 2023).

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 June 30, December 31, 2024 and 2023).

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 June 30, December 31, 2024 and 2023). "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

Each share The details on conversion rights of Series A Preferred Stock is convertible at any time at the option of the holder into 0.0046 (giving effect to the reverse stock splits – see Note 1–Description of Business and Basis of Presentation) shares of fully paid and non-assessable shares of common stock (rounding up to the nearest share).

Each share of Series B Preferred Stock and each share of Series C Preferred Stock are convertible at presented in the option of the holder at any time into such number of shares of common stock as is determined by dividing the Issue Price by the relevant Conversion Price (in each case, subject to adjustment). As of June 30, 2024, there were no shares of Series B Preferred Stock issued and outstanding. As of June 30, 2024, each share of Series C Preferred Stock is convertible into 0.002183 (giving effect to the reverse stock split – see Note 1–Description of Business and Basis of Presentation) shares of fully paid and nonassessable shares of common stock (rounding up to the nearest share). 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

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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.

The Series D Preferred Stock is convertible at the option of each holder at any time into the number of shares of common stock determined by dividing the Series D Original Issue Price (plus all unpaid accrued and accumulated dividends thereon, as applicable, whether or not declared), by the Series D Conversion Price, subject to adjustment as set in the Certificate of Designation. As of June 30, 2024, each share of Series D is convertible into 0.000047 (giving effect to the reverse stock split – see Note 1–Description of Business and Basis of Presentation) shares of fully paid and nonassessable shares of common stock (rounding up to the nearest share).

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 CE 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 CE 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 CE 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. Each holder of Series A Preferred has the right to 1,000 votes per share held of record by such holder (this right will terminate on November 5, 2024).

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.

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MULLEN AUTOMOTIVE INC.

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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.

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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 **converting the conversion of** convertible preferred stock, if applicable. For the three **and nine** months ended **June 30, 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):

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Net loss attributable to common stockholders	\$ (87,360,817)	\$ (308,858,234)	\$ (281,187,675)	\$ (800,047,339)
Less: preferred stock dividends waived/(accrued)	(23,066)	(13,125)	(66,412)	7,387,811
Less: financial result from exchange of Series C P/S for Series E P/S (see Note 18 - Series E Preferred Stock)	(8,604,029)	—	(8,604,029)	—
Net loss used in computing basic net loss per share of common stock	<u>\$ (95,987,912)</u>	<u>\$ (308,871,359)</u>	<u>\$ (289,858,116)</u>	<u>\$ (792,659,528)</u>
Net loss per share	\$ (7.91)	\$ (1,114.23)	\$ (37.92)	\$ (5,544.35)
Weighted average shares outstanding, basic and diluted	12,134,899	277,205	7,644,049	142,967

	Three months ended December 31,	
	2024	2023
Net loss attributable to common stockholders	\$ (114,888,557)	\$ (61,394,898)
Less: preferred stock dividends accrued	(24,728)	(21,303)
Net loss used in computing basic net loss per share of common stock	<u>\$ (114,913,285)</u>	<u>\$ (61,416,201)</u>
Net loss per share	\$ (661.33)	\$ (91,940.42)
Weighted average shares outstanding, basic and diluted	173,762	668
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	N/A	\$ (15.32)
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	N/A	4,007,791

NOTE 11 – SHARE-BASED COMPENSATION

The Company has **an equity incentive plans plan** that **are is a** part of **its** annual discretionary share-based compensation **program**. **The plans include 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).**

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	For the three months ended June 30,		For the nine months ended June 30,		For the three months ended December 31,	
	2024	2023	2024	2023	2024	2023
Composition of Share-Based Compensation Expense						
CEO share based performance award liability revaluation	\$ 1,415,059	\$ 2,256,603	\$ (4,650,599)	\$ 47,226,436		
CEO share based performance award liability revaluation and stock issuances					\$ 662,091	\$ 174,850
Share-based compensation to employees and directors	4,868,990	1,421,675	10,342,631	4,102,578	4,671,462	1,986,537
Share-based compensation to consultants (equity-classified)	1,681,508	903,264	2,954,081	7,367,107	3,492,921	1,066,548
Share-based compensation to consultants (liability-classified)	5,599,205	6,130,462	20,527,925	12,319,250	9,765,276	10,675,481
Total share-based compensation expense	\$ 13,564,762	\$ 10,712,004	\$ 29,174,038	\$ 71,015,371	\$ 18,591,750	\$ 13,903,416

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 \$75,000 \$0.1 million on June 30, 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 (or 88,290 shares of common stock at market price on June 30, 2024) 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 (\$0.4 0.7 million over the nine three months ended June 30, 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 June 30, December 31, 2024 amounted to \$0.1 \$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 \$4.3 million \$2.2 million as of June 30, December 31, 2024.

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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" 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 **June 30, December 31, 2024**, the accrual for future awards under 2023 PSA Agreement amounted to approximately **\$4.5 million** **\$2.3 million**. A part of this provision in the amount of **\$0.4 million** has been recognized within non-current liabilities as the achievement and issuance of shares are expected more than 12 months after the balance sheet date. No remaining 2022 PSA Agreement awards are considered probable. Out of all remaining 2023 PSA Agreement awards, all awards are considered probable by the Company, except for Vehicle Completion Milestones and Accelerated Development Milestone, which has been achieved (Mullen has acquired a facility with existing equipment that allows the Company to expedite scaling of battery pack production in the USA).

NOTE 12 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	June 30, 2024	September 30, 2023	December 31, 2024	September 30, 2024
Provision for settlement expenses and legal fees	\$ 32,781,788	\$ 29,763,627	\$ 32,999,998	\$ 37,913,255
Tax payables	5,542,156	2,849,346	5,285,147	5,493,558
Accrued payroll	1,852,669	2,406,650	1,891,138	2,447,372
Accrued interest	1,751,479	1,548,724	43,719	2,395,190
Refund liability	652,200	652,200	3,805,906	763,160
Dividend payable	468,272	401,859	517,018	492,290
Accrued expense - other	330,100	3,988,382	2,094,797	2,107,341
Total	\$ 43,378,664	\$ 41,610,788	\$ 46,637,723	\$ 51,612,166

NOTE 13 - LIABILITY TO ISSUE STOCK AND ELOC COMMITMENT FEE

Liability to issue stock

The liability to issue stock on **June 30, December 31, 2024** (current 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 **\$4.4 million** and non-current liability in the amount of **\$0.4 million**) represents mainly **\$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 **\$4.1 million** and non-current liability in the amount of **\$0.4 million**), **\$2.3 million**), as well as certain liability-classified contracts with consultants (current liability in the amount of **\$0.1** **\$0.2 million**), directors (current liability in amount of **\$0.3 million**) and other parties (current liability in amount of **\$0.2 million**). The liability on September 30, 2023 mainly related to CEO incentive award provision, see Note11 - Share Based Compensation for more details.

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MULLEN AUTOMOTIVE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ELOC commitment fees

On May 21, 2024, the Company entered into the Equity Line of Credit ("ELOC") Purchase Agreement (the "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 \$150,000,000, 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.

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.

As consideration for its commitment to purchase the Company's common stock under the Purchase Agreement, the Company agreed to issue shares of common stock equal to \$6.0 million divided by the lower of (i) the VWAP on the effective date of the Initial Registration Statement and (ii) the closing price of the common stock on the effective date of the Initial Registration Statement (the "Commitment Shares") to the Investor. Half of the Commitment Shares will be issued upon the effective date of the Initial Registration Statement, and the remaining amount will be delivered upon stockholder approval of the issuance of shares in excess of the Exchange Cap (as defined above); provided that all Commitment Shares will be issued by the date that is 6 months from the date of the Purchase Agreement. The commitment fee of \$6.0 million as of June 30, 2024, per the Purchase Agreement, could theoretically be settled with 2,500,000 shares of common stock. \$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:

	June 30, 2024	September 30, 2023	December 31, 2024	September 30, 2024
Buildings	\$ 49,979,359	\$ 48,081,466	\$ 49,695,071	\$ 50,007,998
Machinery and equipment	36,795,981	27,861,452	43,865,581	41,968,053
Construction-in-progress	7,860,376	5,180,642	2,755,306	3,183,451
Land	3,065,757	3,040,303	3,065,757	3,065,757
Other fixed assets	4,744,527	2,824,165	7,702,195	6,380,587
Total cost of assets excluding accumulated impairment	102,446,000	86,988,028	107,083,910	104,605,846
Less: accumulated depreciation	(19,191,336)	(4,955,243)	(26,287,012)	(22,425,580)
Property, Plant, and Equipment, net	\$ 83,254,664	\$ 82,032,785	\$ 80,796,898	\$ 82,180,266

During the year ended September 30, 2023, due to unfavorable market conditions, a decline of the market prices of the Company's common stock, and budgeted performance misses compared to the budgets prepared previously, we have tested long-lived assets for recoverability. The test was performed on September 1, 2023, by management with the assistance of independent third-party valuation professionals, using both the discounted cash flow method and the guideline public company method. The fair value of the property, plant, and equipment of the ELMS/Legacy Mullen segment (classified in Level 3 of the fair value hierarchy) was determined on a standalone basis utilizing the cost and market approaches to value. The assets of Bollinger's segment (see Note 4 - Segment information) were not impaired, except for goodwill impairment (see Note 6 - Goodwill and Other Intangible Assets). An impairment loss in the amount of \$13,519,492 has been recognized with respect to the property, plant, and equipment of the ELMS/Legacy Mullen segment, primarily construction-in-progress and machinery and equipment.

No additional impairment has been recognized in respect of property, plant, and equipment during the nine months ended June 30, 2024. Depreciation expense related to property, plant, and equipment for the three and nine months ended June 30, December 31, 2024 was \$2,584,157 and \$14,264,452, respectively (\$1,680,595 and \$7,050,864 for the three and nine 2023 months ended June 30, 2023 was \$3.9 million and \$3.0 million, respectively), respectively.

NOTE 15 – PREPAID EXPENSES AND PREPAID INVENTORY OTHER CURRENT ASSETS

	June 30, 2024	September 30, 2023	December 31, 2024	September 30, 2024
Prepaid expenses and prepaid inventory				
Prepaid expenses and other current assets				
Due from investor (see Note 8)			\$ 5,000,000	\$ —
Prepaid expense	\$ 3,333,391	\$ 8,850,311	2,295,085	2,973,305

Prepaid services	5,539,504	6,284,441	2,656,814	4,000,720
Prepaid inventory	12,424,986	5,063,965	738,743	3,449,904
Customs surety bond paid	2,600,000	-	2,600,000	2,600,000
Prepaid trade shows	139,937	2,731,352	513,567	213,368
Other prepayments	1,721,936	2,025,154	1,492,825	1,561,256
Total prepaid expenses and prepaid inventory	\$ 25,759,754	\$ 24,955,223		
Total prepaid expenses and other current assets			\$ 15,297,034	\$ 14,798,553

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MULLEN AUTOMOTIVE INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 – OPERATING EXPENSES NONCONTROLLING INTEREST

General and administrative expenses consist of the following:

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Professional fees	\$ 14,874,793	\$ 5,250,063	\$ 45,558,985	\$ 51,884,123
Advertising and promotions	2,552,524	985,763	16,188,946	4,746,032
Settlements and penalties	6,116,450	2,327,286	14,777,522	8,592,635
Depreciation	2,235,199	1,680,595	13,318,147	7,050,864
Amortization	873,476	913,061	3,503,631	4,433,035
Compensation to employees	5,242,229	15,133,141	14,462,043	52,147,116
Utilities and office expense	1,076,999	996,997	4,139,924	2,064,100
Employee benefits	10,331,649	1,140,917	12,713,521	2,759,607
Listing and regulatory fees	1,047,596	1,415,003	3,175,362	4,150,348
Repairs and maintenance	405,975	302,623	1,774,935	684,920
Lease	382,290	273,234	1,354,916	1,948,288
Executive expenses and directors' fees	281,984	73,759	893,895	363,825
Other	2,056,213	1,285,370	6,753,294	3,361,268
Total	\$ 47,477,377	\$ 31,777,812	\$ 138,615,121	\$ 144,186,161

The main portion of the Professional fees relate to stock-based compensation, see Note 1n in accordance with Stock purchase agreement signed on 11 - Share Based Compensation for additional information.

Research and Development

Research and development expenses for the nine months ended June 30, July 26, 2024, and 2023 were \$54,486,237 and \$51,188,991, respectively. Research and development expenses for during the three months ended June 30, December 31, 2024, and June 30, 2023 were \$14,292,744 and \$22,088,011, respectively. Costs are expensed the Company, as incurred. Research and development expenses are primarily comprised part of external fees and internal costs for engineering, homologation, prototyping, and other expenses related activities to preparation for launch production in the production Bollinger segment, invested an additional \$4.1 million in newly issued shares of electric vehicles such as Mullen Five EV, Mullen One EV cargo van, etc. 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
Noncontrolling interest as of December 31, 2024	\$ 8,865,194

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.

On November 1, 2023, the Company entered a 5-year lease agreement for premises of approximately 122,000 sq. ft. in Fullerton, California, designated for light manufacturing and distribution of electric vehicle batteries. Base rent is \$2.992 million for the first year (and increases approximately 4% yearly), and additional operating expenses are approximately \$715 thousand in the first year with subsequent annual recalculation. Security deposit paid to the landlord is approximately \$1 million.

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MULLEN AUTOMOTIVE INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	June 30, 2024	September 30, 2023	December 31, 2024	September 30, 2024
Assets:				
Operating lease right-of-use assets	\$ 11,787,983	\$ 5,249,417	\$ 2,955,081	\$ 3,041,485
Liabilities:				
Operating lease liabilities, current	(2,226,906)	(2,134,494)	(2,981,613)	(2,893,967)
Operating lease liabilities, noncurrent	(12,338,011)	(3,566,922)	(11,113,091)	(11,648,662)
Total lease liabilities	\$ (14,564,917)	\$ (5,701,416)	\$ (14,094,704)	\$ (14,542,629)
Weighted average remaining lease terms:				
Operating leases (in years)	5.23	3.98	4.96	5.10
Weighted average discount rate:				
Operating leases	28 %	28 %	28 %	28 %
Cash paid for amounts included in the measurement of lease liabilities			1,492,560	859,234

For the three and nine months ended June 30, 2024, we recognized impairment of right-of-use assets in the amount of \$30 thousand and \$3.2 million, respectively (none during the three and nine months ended June 30, 2023).

	For the three months ended June 30,		For the nine months ended June 30,		For the Three Months Ended December 31,	
	2024	2023	2024	2023	2024	2023
Operating lease costs:						
Fixed lease cost	\$ 1,355,952	\$ 330,175	\$ 4,292,916	\$ 887,294	\$ 1,127,214	\$ 1,316,045
Variable and short-term lease cost	100,210	85,298	350,533	147,120	83,369	56,696
Sublease income	(150,413)	(108,127)	(462,363)	(201,875)	—	(167,163)
Total operating lease costs	\$ 1,305,749	\$ 307,346	\$ 4,181,086	\$ 832,539	\$ 1,210,583	\$ 1,205,578

The following table reflects the maturities of operating lease liabilities on June 30, December 31, 2024:

Years ending September 30,		
2024 (3 months)	\$ 945,167	
2025	6,500,102	
2025 (9 months)		\$ 4,950,794
2026	5,077,875	5,022,622
2027	5,029,859	5,000,409
2028	4,830,545	4,827,540
2029		1,358,041
Thereafter	7,352,924	5,994,883
Total lease payments	\$ 29,736,472	\$ 27,154,289

Less: imputed interest	(15,171,555)	(13,059,585)
Carrying amount of lease liabilities	\$ 14,564,917	\$ 14,094,704

NOTE18 – SERIES E PREFERRED STOCK

On May 31, 2024, the Company entered into the Settlement Agreement and Release with Ault Lending, LLC, under which the Company issued \$3.0 million of, or 76,923, shares of the Company's Series E Preferred Stock in exchange for the cancellation of 1,211,299 shares of the Company's Series C Preferred Stock held by Ault Lending. Under the terms of the Company's Second Amended and Restated Certificate of Incorporation, such shares of Series C Preferred Stock, including undeclared dividends, had a redemption value of approximately \$14.9 million.

MULLEN AUTOMOTIVE INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company has designated 76,950 shares of Series E Preferred Stock, generally with the following terms. **NOTE18 – RELATED PARTY TRANSACTIONS**

Conversion 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 Exchange. The Series E Preferred Stock is convertible at the option associated committees of each holder at any time into the number of shares of common stock, determined by dividing the Series E Original Issue Price by the Series E Conversion Price \$106 thousand in effect on the date of conversion. "Series E Original Issue Price" means \$39.00 per share for each share of the Series E Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, recapitalization, or the like for the Series E Preferred Stock). The initial "Series E Conversion Price" means \$3.90 per share, subject to adjustment. Based on this formula, each share of Series E Preferred Stock is currently convertible into 10 cash and \$152 thousand in shares of common stock. If any shares of Series E Preferred Stock are converted, redeemed, or reacquired by In addition, the Company, such shares may not be reissued and will automatically be retired and canceled and resume following non-employee directors were engaged in certain other consulting contracts with the status of authorized but unissued shares of preferred stock. The Series E Preferred Stock will not be convertible by a holder to the extent that such holder or any of its affiliates would beneficially own more than 9.99% of the common stock. Company:

Voting Rights William Miltner. Holders

William Miltner is a litigation attorney who provides legal services to the Company. Mr. Miltner is also an elected Director of the Series E Preferred Stock are Company. For the three months ended December 31, 2024, Mr. Miltner was entitled to vote on an as-converted-to-Common-Stock basis, have full voting rights and powers equal to the voting rights and powers of the holders of the common stock, and are entitled to vote together with the common stock for any question upon which holders of common stock have the right to vote. In addition, approval of holders of a majority of the shares of Series E Preferred Stock, voting as a separate class, is required to (i) alter or change the powers, preferences, or rights of the Series E Preferred Stock to affect them adversely, (ii) amend the Certificate of Incorporation or other charter documents \$142 thousand in a manner adverse to the holders of Series E Preferred Stock, (iii) increase the number of authorized shares of Series E Preferred Stock, or (iv) enter into any agreement for any of the foregoing. legal fees.

Dividends Mary Winter. Holders of

Mary Winter, Corporate Secretary and Director, is compensated for Corporate Secretary responsibilities at \$5 thousand per month. For the Series E Preferred Stock are three months ended December 31, 2024, Ms. Winter was entitled to receive dividends on shares of Series E Preferred Stock equal (on an as-if-converted-to-Common-Stock basis, disregarding for such purpose any conversion limitations hereunder) to and \$15 thousand in the same form as dividends paid on shares of the common stock when, as and if such dividends are paid on shares of the common stock. No other dividends will be paid on shares of Series E Preferred Stock. consulting fees.

Liquidation, Dissolution, and Winding Up. In the event of any Liquidation Event (as defined in the Certificate of Designation), the holders of the Series E Preferred Stock will be entitled to receive, prior and in preference to any distribution of the proceeds to the holders of the common stock, but subject to and after the distribution of proceeds to the Series A preferred stock, Series C preferred stock and Series D preferred stock, because of their ownership thereof, an amount per share equal to the Series E Original Price (as described above), plus declared but unpaid dividends on such share.

Pursuant to the Settlement Agreement, Series E holders, at their discretion, were also permitted to exchange, under Section 3(a)(9) of the Securities Act, or any other applicable securities exemption, some or all of the shares of Series E Preferred Stock for an equal dollar amount of Notes (maturing in 4 months) and Warrants (exercisable within 5 years) under additional investment rights of the Securities Purchase Agreement. For more information on these Notes and Warrants, see Note 7 - Debt, \$50 Million Convertible Notes and Warrants.

The Series E Preferred Stock has been recognized at fair value of \$8.6 million. As the Notes and Warrants conversion (exchange) option fair value significantly exceeded the fair value of the conventional conversion option, and the value of other rights available to Series E Preferred Stockholders was not likely to exceed this difference, the fair value of Series E Preferred Stock on initial recognition was determined based on fair value of the Notes and Warrants conversion (exchange) option, similar to calculating fair value of warrants issued under the Securities Purchase Agreement (see Note 7 - Debt, \$50 Million Convertible Notes and Warrants).

The difference of \$8.6 million between the carrying amount of extinguished Series C Preferred Stock and the fair value of issued Series E Preferred Stock was recognized in additional paid-in capital and decreased losses per share (see Note 10—Loss per share).

After the balance sheet date, on July 8, 2024, all 76,923 shares of Series E Preferred Stock were exchanged for Senior Secured Convertible Notes with an initial aggregate principal amount of \$3.2 million, or \$3.0 million including the 5% original issue discount, and 1,150,416 Warrants (see Note 7 - Debt, \$50 Million Convertible Notes and Warrants).

MULLEN AUTOMOTIVE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19 – CONTINGENCIES AND CLAIMS

ASC 450.20 governs the disclosure and recognition of loss contingencies, including potential losses from litigation, regulation, tax, and other matters. The accounting standard defines a “loss contingency” as “an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur.” ASC 450 requires accrual for a loss contingency when it is probable that one or more future events will occur, confirming the fact of loss and the amount of the loss can be reasonably estimated. Under this standard, an event is probable when it is likely to occur.

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. We As required by ASC 450, we recognize accruals for those contingencies where the 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. As required by ASC 450, we do not record liabilities when When the likelihood is not probable or when the likelihood is probable but the amount cannot be reasonably estimated. 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 we disclose that do not include 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.

Information regarding our legal proceedings is contained in Note 19—Contingencies and Claims of the Notes to Consolidated Financial Statements of our Annual Report on Form 10-K for the year ended September 30, 2023. Other than as set forth herein, there are no additional updates to the legal proceedings involving the Company and/or its subsidiaries.

TOA Trading LLC Litigation

On April 8, 2022, TOA Trading LLC and Munshibari LLC (“Plaintiffs”) filed a complaint against the Company and Mullen Technologies, Inc. in the United States District Court for the Southern District of Florida. Plaintiffs bring claims for breach of contract, or unjust enrichment, related to an unpaid alleged finder’s fee in connection with a merger, and seek damages, pre- and post-judgment interest, as well as an award of reasonable fees and expenses.

During May and June 2024, the Company fully settled the matter for a cash payment of \$537,500 and stock-based payments valued at \$537,500.

MULLEN AUTOMOTIVE INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The GEM Group Director Provided Services

On For the September 21, 2021, 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 GEM Group filed an arbitration demand and statement of claim following non-employee directors were engaged in certain other consulting contracts with the American Arbitration Association against Mullen, seeking declaratory relief and damages. On August 3, 2023, the arbitrator ordered Mullen to deposit \$7,000,000 into an interest-bearing escrow account with Company:

William Miltner

William Miltner is a commercial bank or brokerage firm. That amount was released litigation attorney who provides legal services to the GEM Group 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 May 2024. legal fees.

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 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. Mary Winter

On Mary Winter, Corporate Secretary and Director, is compensated for Corporate Secretary responsibilities at \$5 thousand per month. For the January 24, three months ended December 31, 2024 the arbitrator ordered Mullen, Ms. Winter was entitled to deposit an additional \$24,114,921 into escrow on or before March 9, 2024. The GEM Group moved to the United States District Court to confirm that second interim order. On January 29, 2024, the parties completed the briefing on the issues of damages and allocation. On April 8, 2024, the District Court stayed the action filed by Mullen and MTI against the GEM Group and Christopher F. Brown. \$15 thousand in consulting fees.

On

NOTE May 10, 2024, 19 – CONTINGENCIES AND CLAIMS

Occasionally, we are subject to asserted and actual claims and lawsuits arising in the arbitrator issued his final award, awarding 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 GEM Group \$26,752,627 in damages amount accrued and the amount of a reasonably possible loss over the amount accrued if such disclosure is necessary for breach 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 relevant agreements and \$3,830,943.26 in attorney fees and certain administrative costs. On June 11, 2024, amount of the United States District Court confirmed the second interim order. On July 10, 2024, Mullen moved into 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. loss.

The Company has paid \$7 million outcomes of our legal proceedings and accrued additional expected settlement expenses 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 of June 30, 2024.

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 appropriate. For the United States District Court 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"). This lawsuit was brought by Schaub both individually and on behalf of a putative class matters disclosed below without an estimate of the Company's shareholders, claiming false amount of loss or misleading statements regarding range of losses, such an estimate is not possible or is immaterial, and we may be unable to estimate the Company's 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, partnerships, technology, and manufacturing capabilities and alleging violations consolidated financial position, results of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 promulgated thereunder. An amended complaint was filed on September 23, 2022, asserting claims against the Company, Mullen Technologies, Inc., and Mr. Michery. The Schaub Lawsuit seeks to certify a putative class of shareholders, seeks monetary damages, and an award of reasonable fees and expenses.

As of June 30, 2024, the Company has created a provision for losses expected to arise from this litigation.

David Gru v. Mullen Automotive Inc.

On May 12, 2022, David Gru, a purported stockholder, filed a putative class action lawsuit in the United States District Court for the Central District of California against the Company, Mr. Michery, and Mr. Firer (the "Gru Lawsuit"). This lawsuit was brought by Gru both individually and on behalf of a putative class of Mullen's shareholders, claiming false operations, or misleading statements regarding Mullen's business partnerships, technology, and manufacturing capabilities and alleging violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5. The Gru Lawsuit sought to declare the action to be a class action and sought monetary damages, pre-judgment and post-judgment interest, and an award of reasonable fees and expenses. On August 4, 2022, the Court consolidated this action into the Schaub Lawsuit and ordered this action administratively closed. cash flows.

MULLEN AUTOMOTIVE INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In re Mullen Automotive, Inc. Derivative Litigation

On August 1, 2022, Jeff Witt and Joseph Birbigalia, purported stockholders, filed a shareholder derivative action in the United States District Court for the Central District of California, purportedly in the right and for the benefit of the Company as a nominal defendant, against 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 concerning the issues and claims asserted in the Schaub Lawsuit. The Witt Lawsuit seeks monetary damages and an award of reasonable fees and expenses.

The Company has accrued expected settlement expenses as of June 30, 2024.

Hany Morsy v. David Michery et al.

On September 30, 2022, Hany Morsy, a purported stockholder, filed a shareholder derivative action in the United States District Court for the Central District of California, purportedly in the right and for the benefit of the Company as a nominal defendant, against Mr. Michery, Mr. Firer, former Company officer and director, Jerry Alban, and Company directors Mr. Novoa, Ms. Winter, Mr. Puckett, Mr. Betor, Mr. Miltner, and Mr. New (the "Morsy Lawsuit"). This lawsuit asserts claims for breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, and violation of Section 14 of the Exchange Act primarily concerning the issues and claims asserted in the Schaub Lawsuit. The Morsy Lawsuit seeks to direct the Company to improve its corporate governance and internal procedures. Also, it seeks monetary damages, pre-judgment and post-judgment interest, restitution, and an award of reasonable fees and expenses. On November 8, 2022, the Court consolidated this matter and the Witt Lawsuit (see above).

ChostenCarisv. 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"). This lawsuit purports to seek damages for claims arising under Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder. The Caris Lawsuit also seeks punitive damages. On May 17, 2023, Mr. Michery removed the Caris Lawsuit to the United States District Court for the Northern District of Florida. No loss provision has been accrued regarding this matter as of June 30, 2024, as the Company can reasonably estimate neither the probability of the loss nor its magnitude (if any) based on all information presently available to management.

Trinon Coleman v. David Michery et al.

On December 8, 2023, Trinon Coleman, a purported stockholder, filed a shareholder derivative action in the Court of Chancery for the State of Delaware, purportedly in the right and for the benefit of the Company as a nominal defendant, against 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 also seeks monetary damages and an award of reasonable fees and expenses.

No loss provision has been accrued regarding this matter as of June 30, 2024, as the Company can reasonably estimate neither the probability of the loss nor its magnitude (if any) based on all information presently available to management.

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MULLEN AUTOMOTIVE INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Other contingencies

Accrued debt settlement

As discussed in the Note 7 - Debt, section "Non-convertible promissory note (terminated)", on December 18, 2023, Mullen entered into a Debt Agreement to issue a non-convertible secured promissory note with a principal amount of \$50 million, purchased for \$32 million, reflecting an \$18 million original issue discount. The funds contemplated by the Debt Agreement have not been received and, on May 7, 2024, the Debt Agreement has been terminated. The \$18 million original issue discount was considered a settlement cost related to a dispute. The costs have been accrued as of September 30, 2023, and, since the loss is no longer probable, the accrual was released to decrease "Settlements and penalties" of the operating expenses (see Note 16 - Operating Expenses) during the three months ending June 30, 2024.

NOTE20 – RELATED PARTY TRANSACTIONS

Related Party Receivable

Prior to its spinoff as a separate entity and the closing of the Merger on November 5, 2021, the Company operated as a division of MTI, an entity in which the Company's CEO had a controlling financial interest and in which he was CEO and Chairman. After the spinoff transaction and Merger on November 5, 2021, the Company processed and disbursed payroll and related compensation benefits for 11 employees who provided services only to MTI and rent costs for facilities utilized by MTI pursuant to a Transition Services Agreement ("TSA"). The terms of the TSA required MTI to repay monthly the amounts advanced by the Company, with penalties calculated at the lower of the prime rate plus 1% or the maximum rate under applicable law charged on the unpaid amounts. The terms of the TSA did not provide for any other payment processing service fee from MTI to the Company except the interest fee on overdue advance balances.

On March 31, 2023, the Company converted approximately \$1.4 million of these advances to MTI to a note receivable from MTI. The note bore interest at 10% per year and would mature on March 31, 2025, with a default rate of 15% per annum. By the end of the 2023 fiscal year, the note principal had been increased by an additional \$0.4 million. The Company incurred approximately \$2.5 million and \$2.1 million of disbursements on behalf of MTI and charged penalties and interest in amounts of approximately \$238 thousand and \$179 thousand by December 31, 2023, and September 30, 2023, respectively. Remaining advances, notes, and interest receivable as of September 30, 2023 were presented within non-current assets of the consolidated balance sheets.

On January 16, 2024, the Company terminated the Transition Services Agreement between the Company and Mullen Technologies, Inc., and received a cash payment in full settlement of all outstanding amounts (including outstanding notes receivable, advances, and related interest and penalties) of approximately \$2.7 million.

Director Provided Services

For the three months ended June 30, December 31, 2024, our non-employee directors earned compensation for service on our Board of Directors and associated committees for \$106 of \$106 thousand in cash and \$176 \$152 thousand in shares of common stock (for the nine months ended June 30, 2024 - \$331 thousand in cash and \$563 thousand in shares of common stock). 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 and nine months ended June 30, December 31, 2024, Mr. Miltner for services rendered, was entitled to \$249 \$142 thousand and \$955 thousand, respectively. Mr. Miltner has been providing in legal services to us since 2020. fees.

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MULLEN AUTOMOTIVE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Mary Winter

Mary Winter, Corporate Secretary and Director, is compensated for Corporate Secretary responsibilities at \$5 thousand per month. For the three and nine months ended June 30, December 31, 2024, Ms. Winter is was entitled to \$15 thousand and \$45 thousand in consulting fees, respectively. 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.

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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.

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MULLEN AUTOMOTIVE INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE20 – SUBSEQUENT EVENTS

Company management has evaluated subsequent events through **August 12, 2024** February 19, 2025, **when 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**. **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

Pursuant to On January 23, 2025, the Securities Purchase Agreement (\$50 million convertible notes and warrants contract described in Note 7—Debt above), Company entered into a securities purchase agreement with certain investors for the following transactions took place after the balance sheet date:

- On July 8, 2024, as part sale of the additional investment right, an investor exchanged 76,923 shares of Series E Preferred Stock for an initial aggregate principal amount of \$3.2 million, or \$3.0 million including the 5% original issue discount, of Convertible Notes and 1,150,416 Warrants.
- On July 9, 2024, the Company held a special meeting of stockholders. For purposes of complying with Nasdaq Listing Rule 5635(d), shareholders approved issuance of shares of common stock (i) pursuant to senior secured convertible notes and related warrants, and any future adjustments of the conversion price of the notes and exercise price of the warrants, purchased pursuant to a Securities Purchase Agreement dated May 14, 2024, in excess of the 19.99% share cap, and (ii) pursuant to the ELOC Purchase Agreement in excess of the 19.99% share cap contained therein.
- On July 9, 2024, as part of the obligated purchases, investors purchased an additional initial aggregate principal amount of \$10.5 million, or \$10.0 million including the 5% original issue discount, of Convertible Notes and also received 3,834,726 Warrants.
- On July 15, 2024, as remaining part of the obligated purchases, investors purchased an additional initial aggregate principal amount of \$29.0 million, or \$27.5 million including the 5% original issue discount, of Convertible Notes and also received 10,545,490 Warrants.

In total, after the balance sheet date, investors purchased an additional aggregate principal amount of \$39.5 million, or \$37.5 million including the 5% original issue discount, approximately \$6.3 million of Senior Secured Convertible Notes (due in 4 months after execution date) and 539,811 five-year warrants. These Notes and Warrants (exercisable within have terms similar to those described in the Note 5 7 and Note 8 above, with the following main differences: (1) conversion price of the notes will not years) 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).

Stock issuances after the balance sheet date and exercise of remaining warrants

After the balance sheet date and by On August 9, 2024 February 5, 2025, , the Company issued 24,082,192 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, mainly upon 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 and conversion (the lower of notes described the two Closing Bid Prices of the common stock in the section entitled "\$50 two million convertible notes and warrants" days prior the time of Note exercise) is set at \$0.01 - Debt above, and in accordance with the contracts with consultants. (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).

Additional investments in Bollinger Warrant exchange contract

On July 26, 2024, February 7, 2025, Mullen Automotive Inc. the Company and certain investors entered into a Common Stock Purchase Warrant Exchange Agreement by and among whereby the Company agreed to issue new warrants in exchange for the warrants listed in the subsections above and Bollinger Motors, Inc., a Company subsidiary, to acquire up to 467,869 newly issued shares of common stock of Bollinger Motors, representing approximately 33.37% of then outstanding equity ownership of Bollinger Motors on a fully-diluted basis (after giving effect to in the conversion or exercise of any outstanding debtNote 8 - Warrants and equity securities or equivalents), for an aggregate purchase price of approximately \$36.1 million in cash. This transaction may increase Mullen's part of the equity ownership interests on a fully diluted basis from 60.0% to 72.2%.

At closing, \$2.6 million of the purchase price was paid to Bollinger Motors other derivative liabilities and 33,048 shares were issued by Bollinger Motors to the Company. fair value measurements. The remaining investment is subject to a financing condition that permits the Company to decide whether to allocate proceeds raised from various sources to complete any such installment payment. Through the date of this report, an additional \$3.8 million of the purchase price was paid to Bollinger Motors for 49,119 shares.

Separately, for a period of eighteen months following July 26, 2024, the Company shall new warrants have the right to acquire up to 439,347 additional newly issued shares of Bollinger Motors at the same price per share of \$77.16. Also, during the thirty-six month period following July 26, 2024, the Company shall have the right to purchase up to 100% of the total number of shares of Bollinger's common stock subject to any Committed Third Party Financing at a purchase price that is 75% of the purchase price offered in such Committed Third Party Financing and otherwise on the same terms and conditions provided for as the existing warrants (described above and in the Committed Third Party Financing. A "Committed Third Party Financing" means receipt by Bollinger MotorsNote 8), including the number of shares issuable upon cash exercise and a term of five years from a the date of original issuance, except that the exercise price floor in the formula for the cashless exercise of the new warrants is third\$0.01, party of an arm's-length bona fide offer that is not subject to any contingencies and adjustment for which such stock dividends, subdivisions, or combinations (including reverse stock splits). The contract is subject to stockholder shareholder approval under Nasdaq Listing Rule third5635 party has fully and irrevocably committed, in (d), as the opinion aggregate potential issuances could exceed 20% of the Bollinger Motors' Board, to purchase the Company's outstanding common stock, equivalents or other securities of Bollinger Motors. stock.

Asset Purchase Agreement with Mullen Technologies, Inc. Reverse stock split

On July 18, 2024, 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 entered into an Asset Purchase Agreement filed a Certificate of Amendment to its Second Amended and Restated Certificate of Incorporation with Mullen Technologies, Inc. ("MTI" 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", pursuant to which but with a new CUSIP number of 62526P604. The Reverse Stock Split did not change the Company assumed a lease for premises located in Oceanside, California 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 all equipment and inventory in the premises, other convertible securities, as well as staffing 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.

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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 infrastructure for vehicle sales derivative liabilities and repairs for consideration fair value measurements).

Reduction in Workforce

Effective February 1, 2025, the Company implemented a reduction in force affecting a total of \$1.4 million. The Company's CEO has a controlling 78 positions as part of its strategic initiatives to reduce operational costs and enhance financial interest efficiency. This measure is expected to result in annualized cost savings of approximately \$13 million, which includes savings from salaries and is Chairman of MTI, and one benefits of the Company's directors is CFO of MTI. positions eliminated.

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

The following discussion and analysis are 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, those factors 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 Item 1A. 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 others other factors described in this Report and 2024 Annual Report under the section titled "Risk Factors" in Item 1A above 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

The These interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Mullen Investment Properties LLC, a Mississippi corporation, Ottawa Automotive, Inc., a California corporation, Mullen Indiana Real Estate, LLC, LLC, a Delaware corporation, as well as Mullen Investment Properties LLC, a majority-owned subsidiary Mississippi corporation, Mullen Advanced Energy Operations LLC, a California corporation and a majority ownership in Bollinger Motors, Inc., a Delaware corporation, incorporated in Delaware. Intercompany accounts and transactions have been eliminated. 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. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

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.

Comparison of the Three Months Ended June 30, 2024 December 31, 2024 to the Three Months Ended June 30, 2023 December 31, 2023

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

	Three Months Ended			
	June 30,			
	2024	2023	\$ Change	% Change
	(dollar amounts, except percentages)			
Revenue				
Vehicle sales	\$ 65,235	\$ 308,000	\$ (242,765)	(79)%
Costs and expenses applicable to sales and revenues				
Cost of goods sold	26,222	248,669	(222,447)	(89)%
Other inventory costs and expenses	9,786	—	9,786	— %
Total cost of goods sold and other inventory expenses	36,008	248,669	(212,661)	(86)%
Gross profit / (loss)	29,227	59,331	(30,104)	(51)%
Operating expenses:				
General and administrative	47,477,377	31,777,812	15,699,565	(49)%
Research and development	14,292,744	22,088,011	(7,795,267)	35 %
Impairment of right-of-use assets	30,060	—	30,060	— %
Loss from operations	\$ (61,770,954)	\$ (53,806,492)	\$ (7,964,462)	(15)%
Other income (expense):				
Other financing costs - initial recognition of derivative liabilities	(4,261,718)	(248,413,090)	244,151,372	98 %
Other financing costs - ELOC commitment fee	(6,000,000)	—	(6,000,000)	— %
Other financing costs - initial recognition of warrants	(13,652,762)	—	(13,652,762)	— %
Gain/(loss) on derivative liability revaluation	2,218,148	(241,168)	2,459,316	1,020 %
Gain/(Loss) on other warrants revaluation	82,938	—	82,938	— %
Gain/(loss) on extinguishment of debt	(690,346)	206,081	(896,427)	(435)%
Loss on financing	—	(8,934,892)	8,934,892	100 %
Gain/(loss) on disposal of fixed assets	(103,973)	1,346	(105,319)	(7,825)%
Interest expense	(8,277,802)	(608,332)	(7,669,470)	(1,261)%
Other income, net	829,056	826,378	2,678	0 %
Total other income (expense)	(29,856,459)	(257,163,677)	227,307,218	88 %
Net loss before income tax benefit	\$ (91,627,413)	\$ (310,970,169)	\$ 219,342,756	71 %
Income tax benefit/ (provision)	(1,200)	(456,191)	454,991	100 %
Net loss	(91,628,613)	(311,426,360)	219,797,747	71 %
Net loss attributable to noncontrolling interest	(4,267,796)	(2,568,126)	(1,699,670)	(66)%
Net loss attributable to stockholders	\$ (87,360,817)	\$ (308,858,234)	\$ 221,497,417	72 %
Waived/(accrued) accumulated preferred dividends and other capital transactions with Preferred stock owners	(8,627,095)	(13,125)	(8,613,970)	(65,630)%

Net loss attributable to common stockholders after preferred dividends	\$ (95,987,912)	\$ (308,871,359)	\$ 212,883,447	69 %
Net Loss per Share	(7.91)	(1,114.23)		
Weighted average shares outstanding, basic and diluted	12,134,899	277,205		

	Three Months Ended			
	December 31,		\$ Change	% Change
	2024	2023		
	(dollar amounts, except percentages)			
Revenue from sale of vehicles	\$ 2,920,485	\$ —	\$ 2,920,485	— %
Cost of revenues	6,588,933	—	6,588,933	— %
Gross loss	(3,668,448)	—	(3,668,448)	— %
Operating expenses:				
General and administrative	36,484,409	43,234,052	(6,749,643)	16 %
Research and development	11,282,375	16,169,967	(4,887,592)	30 %
Loss from operations	\$ (51,435,232)	\$ (59,404,019)	\$ 7,968,787	13 %
Other income (expense):				
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)	(415)%
Gain/(loss) on extinguishment of debt	1,553,771	—	1,553,771	— %
Interest expense	(18,665,369)	(258,023)	(18,407,346)	(7,134)%
Other income, net	457,993	671,406	(213,413)	(32)%
Total other income (expense)	(67,362,013)	(6,315,598)	(61,046,415)	(967)%
Net loss before income tax benefit	\$ (118,797,245)	\$ (65,719,617)	\$ (53,077,628)	(81)%
Income tax benefit/ (provision)	(600)	1,726,238	(1,726,838)	(100)%
Net loss	(118,797,845)	(63,993,379)	(54,804,466)	(86)%
Net loss attributable to noncontrolling interest	(3,909,288)	(2,598,481)	(1,310,807)	(50)%
Net loss attributable to stockholders	\$ (114,888,557)	\$ (61,394,898)	\$ (53,493,659)	(87)%
Waived/(accrued) accumulated preferred dividends and other capital transactions with preferred stockholders	(24,728)	(21,303)	(3,425)	(16)%
Net loss attributable to common stockholders after preferred dividends and other capital transactions with preferred stockholders	\$ (114,913,285)	\$ (61,416,201)	\$ (53,497,084)	(87)%
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

Revenues

We are an early-stage company that has only recently started to generate notable revenues. As we expand vehicle production and commercialization, we expect the majority of our revenue to be derived from sales of commercial vehicles.

We plan to ramp up production and reach sufficient revenue levels in subsequent periods – primarily from sales of Commercial Delivery Vehicles (Class 1 – 6). As we continue to develop our product line, we expect additional revenue streams in the future, also from the sales of Sport Utility Vehicles ("SUVs") and the flexible leasing of our electric vehicles ("EVs").

In accordance with accounting standards, we recognize revenue from the sale of electric vehicles upon the transfer of control to a the dealer/customer. Generally, the Normally, control is transferred to the customer transfers at the point of delivery. Still, certain 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 contain a include return provision stating that they may return provisions, allowing unsold vehicles after 1 year. Since the Company does not have sufficient relevant statistics of to be returned upon contract termination. For these arrangements, due to limited historical data on returns, yet, we defer revenue recognition until such the dealer has sold sells the vehicles to end customers, or until there is sufficient evidence to justify a reasonable reasonably estimate for the consideration to which the Company expects 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 periods. period.

Invoiced during the 3 months ended June 30, 2024 (in thousand dollars)					
Vehicle type	Units invoiced	Amount invoiced	Cash received	Revenue recognized	
Mullen 3 (UU)	3	195.6	—	—	
Urban Delivery (UD1)	12	315.7	65.2	65.2	
Total	15	\$ 511.3	\$ 65.2	\$ 65.2	

Invoiced during the 3 months ended December 31, 2024 (dollars in thousands)					
Vehicle type	Units invoiced	Amount invoiced	Cash received	Revenue recognized	
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	
Total	58	\$ 4,368	\$ 5,988	\$ 2,920	

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 such exceeds revenue mainly due to increased labor and overhead variances to standard cost in the production of the B4 product, as provisions for estimated warranty expenses and an allowance well as due to bring the value write-down of inventories down 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 \$7.8 \$4.9 million, or 35% 30%, from \$22.1 million \$16.2 million through the three months ended June 30, 2023 December 31, 2023, to \$14.3 million \$11.3 million through the three months ended June 30, 2024 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 such and batteries. The Company recently began cost reduction initiatives, thereby reducing research and development expenses in order to continue as Mullen Five EV and Mullen One EV cargo van. a going concern.

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 increased decreased by approximately \$15.7 \$6.7 million, or 49% 16%, from approximately \$31.8 million \$43.2 million in the three months ended June 30, 2023 December 31, 2023, to approximately \$47.5 \$36.5 million in the three months ended June 30, 2024 December 31, 2024, primarily due to decreases reduction in employee related compensation due to employees, partially offset by

increases reduction in force and rationalization of products, decrease of settlements and penalties and professional fees, employee benefits, utilities, depreciation expense, and advertising and promotions expenses. fees.

Other financing costs

The Company recognized other financial financing costs (on initial recognition of derivative liabilities and other warrants and ELOC commitment fee) during the three months ended June 30, 2024 December 31, 2024 in the amount of \$23.9 \$16.1 million vs \$248.4 million over the same period of the previous year. The change of \$224.5 million, or 90%, was mainly due to additional notes with detached warrants issued during the fact that three months ended December 31, 2024 (no investments during the three months ended June 30, 2024 were lower than investments December 31, 2023).

Loss on revaluation of warrants obligations was \$34.6 million during the three months ended June 30, 2023 (see 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 Notes 7 Note 8 - Debt and 8- Warrants and Other Derivative Liabilities and Fair Value Measurements to the financial statements). statements.

Interest Expense

Interest Similarly, the interest expense increased by approximately \$7.7 million, or 1261%, from approximately \$0.6 million through \$18.4 in comparison to the three months ended June 30, 2023 December 31, 2023 due to approximately \$8.3 million through a significantly higher volume of debt outstanding during the three months ended June 30, 2024 December 31, 2024, primarily due see Notes 7 to a conversion of debt which resulted in an \$8.1 million debt discount being recognized in the three months ended June 30, 2024. financial statements.

Net Loss

The net loss attributable to common stockholders (after preferred dividends) was approximately \$96.0 million \$114.9 million, or \$7.91 \$661.33 net loss per share, for the three months ended June 30, 2024 December 31, 2024, as compared to a net loss attributable to common stockholders after preferred dividends of approximately \$308.9 million \$61.4 million, or \$1,114.23 \$91,940.42 loss per share, for the three months ended June 30, 2023 (giving effect to reverse stock splits, see below).

Comparison of the nine months ended June 30, 2024 to the nine months ended June 30, 2023

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

	Nine Months Ended			
	June 30,			
	2024	2023	\$ Change	% Change
	(dollar amounts, except percentages)			
Revenue				
Vehicle sales	\$ 98,570	\$ 308,000	\$ (209,430)	(68)%
Costs and expenses applicable to sales and revenues				
Cost of goods sold	34,962	248,669	(213,707)	(86)%
Other inventory costs and expenses	14,486	—	14,486	— %
Total cost of goods sold and other inventory expenses	49,448	248,669	(199,221)	(80)%
Gross profit / (loss)	49,122	59,331	(10,209)	(17)%
Operating expenses:				
General and administrative	138,615,121	144,186,161	(5,571,040)	4 %
Research and development	54,486,237	51,188,991	3,297,246	(6)%
Impairment of goodwill	28,846,832	—	28,846,832	— %
Impairment of right-of-use assets	3,197,668	—	3,197,668	— %
Impairment of intangible assets	73,447,067	—	73,447,067	— %
Loss from operations	\$ (298,543,803)	\$ (195,315,821)	\$ (103,227,982)	(53)%
Other income (expense):				
Other financing costs - initial recognition of derivative liabilities	(4,261,718)	(504,373,115)	500,111,397	99 %

Other financing costs - ELOC commitment fee	(6,000,000)	—	(6,000,000)	— %
Other financing costs - initial recognition of warrants	(13,652,762)	—	(13,652,762)	— %
Gain/(loss) on derivative liability revaluation	(888,075)	(89,462,559)	88,574,484	99 %
Gain/(Loss) on other warrants revaluation	82,938	—	82,938	— %
Gain/(loss) on extinguishment of debt	(655,721)	(6,246,089)	5,590,368	90 %
Loss on financing	—	(8,934,892)	8,934,892	100 %
Gain/(loss) on disposal of fixed assets	(477,838)	386,377	(864,215)	(224)%
Gain on lease termination	—	—	—	— %
Interest expense	(8,795,525)	(5,414,185)	(3,381,340)	(62)%
Other income, net	2,318,164	2,044,258	273,906	13 %
Total other income (expense)	(32,330,537)	(612,000,205)	579,669,668	95 %
Net loss before income tax benefit	\$ (330,874,340)	\$ (807,316,026)	\$ 476,441,686	59 %
Income tax benefit/ (provision)	3,890,100	520,385	3,369,715	648 %
Net loss	(326,984,240)	(806,795,641)	479,811,401	59 %
Net loss attributable to noncontrolling interest	(45,796,565)	(6,748,302)	(39,048,263)	(579)%
Net loss attributable to stockholders	\$ (281,187,675)	\$ (800,047,339)	\$ 518,859,664	65 %
Waived/(accrued) accumulated preferred dividends and other capital transactions with Preferred stock owners	(8,670,441)	7,387,811	(16,058,252)	(217)%
Net loss attributable to common stockholders after preferred dividends	\$ (289,858,116)	\$ (792,659,528)	\$ 502,801,412	63 %
Net Loss per Share	(37.92)	(5,544.35)		
Weighted average shares outstanding, basic and diluted	7,644,049	142,967		

Revenues

See above for a discussion of accounting policy on revenue recognition. This table discloses information on vehicle deliveries, revenue recognized, and payments received from our customers over nine months ended June 30, 2024.

Invoiced during the 9 months ended June 30, 2024 (in thousand dollars)				
Vehicle type	Units invoiced	Amount invoiced	Cash received	Revenue recognized
Mullen 3 (UU)	134	8,739.4	652.2	—
Urban Delivery (UD1)	243	8,085.1	98.6	98.6
Total	377	\$ 16,824.5	\$ 750.8	\$ 98.6

Cost of Revenues

See above for a description of the cost of revenues.

Research and Development

Research and development expenses increased by \$3.3 million, or 6%, from approximately \$51.2 million through the nine months ended June 30, 2023 to approximately \$54.5 million through the nine months ended June 30, 2024. Research and development expenses are primarily comprised of external fees and internal costs for engineering, homologation, prototyping costs, and other expenses related to preparation for the production of electric vehicles such as Mullen Five EV, Mullen One EV cargo van, etc.

General and Administrative

General and administrative expenses include all non-production expenses incurred by us in any given period. This includes expenses such as professional fees, employee compensation and benefits, rent, repairs and maintenance, utilities and office expenses, 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 \$5.6 million, or 4%, from approximately \$144.2 million in the nine months ended June 30, 2023, to approximately \$138.6 million in the nine months ended June 30, 2024, primarily due to decreases in professional fees and compensation to employees, partially offset by increases in advertising and promotions expenses, employee benefits, and depreciation expense.

Impairment

The net loss for the nine months ended June 30, 2024 included impairment charges totaling \$105.5 million, mainly due to present uncertainty of availability of future funding required to support the business and decrease of Company's market capitalization. These write-downs include Bollinger's goodwill of \$28.8 million, intangible assets of Bollinger (\$58.5 million) and ELMS (\$15.1 million), and the write-down of right-of-use assets of \$3.2 million.

Other financing costs and revaluation of liabilities

The Company recognized other financial costs (on initial recognition of derivative liabilities and other warrants, and ELOC commitment fee) during the nine months ended June 30, 2024 in the amount of \$23.9 million vs \$504.4 million over the same period of the previous year. The change of \$480.5 million, or 95%, was mainly due to the fact that investments during the nine months ended June 30, 2024 were lower than investments during the nine months ended June 30, 2023 (see Notes 7 - Debt and 8 - Warrants and Other Derivative Liabilities and Fair Value Measurements to the financial statements).

Similarly, the derivative liability revaluation loss has decreased by \$88.7 million from \$89.5 million to \$0.8 million. These changes are due to the fact that less warrants were issued and outstanding during the nine months ended June 30, 2024 and the monetary value of relevant obligations has significantly decreased in comparison to the nine months ended June 30, 2023 (see Notes 7 - Debt and 8 - Warrants and Other Derivative Liabilities and Fair Value Measurements to the financial statements).

Interest Expense

Interest expense increased by approximately \$3.4 million, or 62%, from approximately \$5.4 million through the nine months ended June 30, 2023 to approximately \$8.8 million through the nine months ended June 30, 2024, primarily due to a conversion of debt which resulted in an \$8.1 million debt discount being recognized in the three months ended June 30, 2024.

By accounting standards, applying the effective interest method will, in the next quarter ending September 2024, result in higher interest costs in respect of the convertible notes issued by the Company in May 2024.

Net Loss

The net loss attributable to common stockholders (after preferred dividends) was approximately \$289.9 million, or \$37.92 net loss per share, for the nine months ended June 30, 2024, as compared to a net loss attributable to common stockholders after preferred dividends of approximately \$792.7 million, or \$5,544.35 loss per share, for the nine months ended June 30, 2023 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. (60% on a fully diluted basis) in September 2022. 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/ELMS. Mullen Commercial.** By November 30, 2022, Mullen acquired ELMS' a manufacturing plant in Mishawaka Indiana and all the intellectual property needed to engineer and build Class 1 and Class 3 electric vehicles.

Reverse Stock Splits and NASDAQ listing rules compliance

We completed three 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 splits during split at a ratio of 1-for-60 shares in order to satisfy this requirement.

In addition to the calendar year ending December 31, 2023 to regain compliance with NASDAQ Listing Rule 5550(a)(2). In May 2023, we completed reverse stock split implemented in February 2025, the Company previously effected a 1-for-25 reverse stock split of our outstanding shares of common stock. In August 2023, we completed on May 4, 2023, a 1-for-9 reverse stock split of our outstanding shares of common stock. In December 2023, we completed 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 our outstanding shares or the par value of the common stock nor modify any voting rights of the common stock. On January 24, 2024, the Company received formal notice from The Nasdaq Stock Market LLC confirming the Company has regained compliance No fractional shares were issued in connection with the minimum bid price requirement set forth in Nasdaq Listing Rule 5550(a)(2). On March 6, 2024, reverse stock splits and each fractional share resulting from the Company received formal notice from Nasdaq confirming that it has regained compliance with reverse stock splits were rounded up to the annual shareholder meeting requirement set forth in Nasdaq Listing Rule 5620(a). 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 \$4.0 million \$2.7 million as of June 30, 2024 December 31, 2024. During the nine three months ended June 30, 2024 December 31, 2024, the Company used approximately \$145.2 \$25.6 million of cash for operating activities. The net working capital deficit on June 30, 2024 December 31, 2024 amounted to approximately \$59.0 million \$186.2 million, or \$10.4 million \$41.2 million, after excluding derivative and other warrant liabilities Series E Preferred Stock liability, ELOC commitment fees, and liabilities to issue stock, that are supposed to be settled by issuing common stock without using cash. For the nine three months ended June 30, 2024 December 31, 2024, the Company incurred a net loss of \$327.0 million \$118.8 million, and as of June 30, 2024 December 31, 2024, our accumulated deficit was \$2,143.3 million. This creates substantial doubt about the Company's ability to continue as a going concern, as \$2.4 billion.

The Company believes that its cash on hand may available liquidity will not be insufficient sufficient to meet its working capital and capital expenditure requirements current obligations for a period of at least twelve months from the date of the filing of this Form 10-Q.

If these unaudited interim condensed consolidated financial statements. Accordingly, the Company does not secure adequate 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 fulfill its current liabilities, it anticipates seeking continue operations and could be required to seek bankruptcy protection in various jurisdictions within 30 days of publishing the issuance of these financial statements. The Company anticipates

These unaudited interim condensed consolidated financial statements do not include any adjustments to the carrying amounts of assets or liabilities that its available funds will be insufficient to cover its obligations for at least the next twelve months may result from the date this Form 10-Q was filed. Consequently, there is significant uncertainty regarding the Company's ability to continue operating. The Company is actively pursuing additional funds (see Note - 21 Subsequent Events). However, there is no guarantee that the Company will be able to restructure its debts and/or secure the necessary financing on favorable terms, outcome of these uncertainties.

Debt

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

The short-term debt includes loans due within twelve During the three months from ended December 31, 2024, we received \$8.8 million as part of the balance sheet date, in addition to loans that have matured and remain unpaid. Management plans to renegotiate matured loans with creditors for favorable terms, such as reducing interest rates, extending maturities, or both; however, there is no guarantee favorable terms will be reached. Until negotiations with creditors are resolved, these matured loans remain outstanding and will be classified as short-term debt on the balance sheet. Interest and fees on loans are being accounted for within accrued interest.

On additional investment right under a May 14, 2024, the Company entered into a Securities Purchase Agreement, (the "Securities Purchase Agreement") with certain accredited investors for the sale which involved issuance of Senior Secured Convertible Notes ("Convertible Notes") and five-year warrants exercisable for shares of common stock (the "Warrants"). The investors have purchased senior secured convertible notes, of \$52.6 million, or \$50.0 million, including the 5% original issue discount, bearing 15% interest and maturing in 4 months. 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 holder may convert 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 outstanding principal assets of Bollinger Motors, excluding inventory and accrued but unpaid 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, on the Notes have been converted into shares of common stock at stock. By the lower of (i) \$5.49, (ii) 95% date these financial statements are available to be issued, almost full amount of the closing sale price of common stock Senior convertible notes and accumulated interest, that were outstanding on the date the Company's registration statement on Form S-1 is declared effective (i.e. \$3.61) or (iii) 95% of the lowest daily volume weighted average price September 30, 2024 and issued in the five (5) trading days before such conversion date, provided that the conversion price will not be less than \$1.16 per share.

As security for payment of the amounts due and payable under the Convertible Notes, the Company collaterally assigned and granted October 2024, has been converted to the Holder 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 Convertible Notes are senior in right of

payment to all other current and future notes to which the Company is a party. The 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.

In connection with the issuance of the Convertible Notes, the holder also received 5-year warrants exercisable for 200% of the shares of common stock underlying such Notes. The Warrants also provide for a cashless exercise 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 which Section 3(a)(9) of the holder may receive a "net number" Securities Act of 1933 by issuance of shares of common stock determined according to a formula prescribed by the contract.

For a period beginning on May 14, 2024, and ending on the one-year anniversary from the date registration statements registering the shares issuable upon conversion of all of the Notes and exercise Company worth of all the Warrants is declared effective, the investors have the right, but not the obligation, to purchase an additional \$52.6 million of 5% Original Issue Discount Senior Secured Convertible Notes and related Warrants on the same terms and conditions.

\$3 million. The Company also signed a commitment letter agreement with an investor for a total investment of \$100 million through the issuance of Senior Secured Convertible Notes and Warrants. The Convertible Notes will accrue interest at 15%, include a 5% Original Issue Discount, and have a maturity of four months. They will be issued in eight tranches of \$12.5 million over 13 months. The investor will receive a \$4 million non-refundable commitment fee, payable in registered common stock. Other conditions are similar to those described above. The completion of this transaction remains contingent upon mutual consent liability was fully settled by December 2024 and the execution transaction resulted in recognition of final documentation by both parties. gain on extinguishment of \$1.5 million.

The following is a summary of our indebtedness as of June 30, 2024 December 31, 2024:

Type of Debt	Net Carrying Value			Contractual Interest Rate	Contractual Maturity
	Unpaid Principal Balance	Current	Long-Term		
Matured notes	\$ 2,385,004	\$ 2,385,004	\$ —	0.00 - 10.00 %	2019 - 2021
Matured loan advances	332,800	332,800	—	0.00 - 10.00 %	2016 - 2018
Convertible notes	5,021,891	5,021,891	—	15 %	September, 2024
Less: debt discount to convertible notes	(5,007,305)	(5,007,305)	—		September, 2024
Total Debt	\$ 2,732,390	\$ 2,732,390	\$ —		

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
Total net carrying amount	\$ 3,217,643	\$ 1,364	\$ 140	\$ 10,000,000	\$ 13,219,147
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	—

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

	Matured loans and advances	Senior convertible notes	Total
Debt outstanding on September 30, 2024			
Issued	Before 2022	May 2024 - September 2024	—
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	—	—	-
Total net carrying amount	<u>\$ 2,717,804</u>	<u>\$ 2,681,973</u>	<u>\$ 5,399,777</u>
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 **June 30, 2024** **December 31, 2024**:

	Year Ended September 30,						
	2024 (3 months)	2025	2026	2027	2028	Thereafter	Total
Total Debt	\$ 7,739,695	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 7,739,695

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

Cash Flows

The following table provides a summary of our cash flow data for the **nine three** months ended **June 30, 2024** **December 31, 2024** and 2023:

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

	Nine Months Ended June 30,	
	2024	2023
Net cash provided by (used in):		
Operating activities	\$ (145,182,897)	\$ (113,627,945)
Investing activities	(14,053,838)	(107,449,762)
Financing activities	7,504,168	364,134,630

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 \$145.2 \$25.6 million in the nine three months ended June 30, 2024 December 31, 2024, a 28% increase 57% decrease from \$113.6 \$59.9 million net cash used during the nine three months ended June 30, 2023 December 31, 2023.

Cash Flows used in Investing Activities

To date, 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 \$14.1 million \$2.2 million in the nine three months ended June 30, 2024 December 31, 2024, an 87% 68% decrease from \$107.4 million \$6.9 million used in investing activities during the nine months ended June 30, 2023. The primary factor of the change was the acquisition of ELMS assets during the three months ended December 31, 2022 December 31, 2023.

Cash Flows provided by Financing Activities

Through June 30, 2024 December 31, 2024, we have financed our operations primarily through the issuance of convertible notes and equity securities. 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 \$7.5 \$19.8 million for the nine three months ended June 30, 2024 December 31, 2024, as compared to \$364.1 million \$0.0 million net cash obtained from financing activities for the nine three months ended June 30, 2023, when we issued convertible notes in lieu of preferred shares. During the nine months ended June 30, 2024, we issued senior secured convertible notes and warrants in return for \$12.5 million cash and fully settled a mortgage loan of \$4.9 million December 31, 2023.

Contractual Obligations and Commitments

The following tables summarize our contractual obligations and other commitments for cash expenditures as of June 30, 2024 December 31, 2024, and the years in which these obligations are due:

Operating Lease Commitments

Years Ended September 30,	Scheduled Payments
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 Future Minimum Lease Payments	\$ 27,154,289

Years Ended September 30,	Scheduled Payments
2024 (3 months)	\$ 945,167
2025	6,500,102
2026	5,077,875
2027	5,029,859
2028	4,830,545
Thereafter	7,352,924
Total Future Minimum Lease Payments	\$ 29,736,472

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

Impairment tests for other noncurrent assets. long-lived assets

We identified Bollinger and ELMS/Legacy Mullen Commercial (refer to Note 4— 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.

Critical accounting estimates for impairment of assets of the Bollinger segment

Our goodwill and indefinite-lived in-process research and development assets, as well as patents, pertain to the Bollinger acquisition on September 7, 2022. As a result of impairment tests performed by management during the nine months ended June 30, 2024 as of December 31, 2024, no impairment was recognized, in the financial statements: including \$28.8 million for goodwill, \$58.5 million for indefinite-lived in-process research and development assets, as well as \$1.3 million for right-of-use assets. No additional material primarily because of significant impairment was recognized during the last three months ended June 30, 2024. The impairment has been recognized primarily due to the present uncertainty of the availability of future funding required to support this segment and the decrease in the Company's market capitalization.

Critical accounting estimates for impairment of assets of the ELMS/Mullen segment

As a result of impairment tests performed by management during the nine months ended June 30, 2024, impairment was also recognized in respect of part of right-of-use assets in the amount of \$1.9 million, as well as engineering design intangible assets with a that reduced carrying amount of \$15.1 million which belong to the ELMS/Mullen segment. No additional material impairment was recognized during the last three months ended June 30, 2024. The primary reasons for the impairment of these long-lived assets were sales slower than expected and a decrease in the Company's market capitalization. previous periods.

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.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not Applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of June 30, 2024 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 time 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 June 30, 2024 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 Form 10-K for the fiscal year ended September 30, 2023, 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

During the quarter ended June 30, 2024, management continued to commit resources to the remediation of the material weaknesses reported in the Company's Form 10-K for the fiscal year ended September 30, 2023.

Except for the above, there There were no other changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2024 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

As a smaller reporting company, we Risk factors are not required to provide this information in this Report; however, set forth below are certain material changes to the Risk Factors disclosed in our Annual Report on Form 10-K for the year ended September 30, 2023 (the "2023 Form 10-K"). You should also read and consider the risk factors discussed in Part I, Item 1A. "Risk Factors" in our 2023 2024 Form 10-K, which and could materially affect our business, financial condition, or future results of operation. The risks described herein and in our 2023 Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may eventually prove to have a material adverse effect on our business, financial condition, and/or future operating results.

We may not be able to raise additional funding nor generate or obtain sufficient cash flows to service all of our existing and future liabilities when they become due, and we may be forced to take other actions to satisfy our obligations, which may not be successful.

We may be unable to obtain alternative sources of financing in an amount sufficient to fund our existing and future liquidity needs. To date, we have yet to generate any significant revenue from our business operations. Our current working capital and development needs have been primarily funded through the issuance of convertible indebtedness, convertible preferred stock and common stock. We will need significant capital to, among other things, conduct research and development, increase our production capacity, and expand our sales and service network. 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. During the nine months ended June 30, 2024, the Company used approximately \$145.2 million of cash for operating activities.

The Company's principal source of liquidity consists of existing cash and restricted cash of approximately \$4.0 million as of June 30, 2024. If we are unable to obtain funding or a refinancing or some restructuring of our obligations or other improvement in liquidity, we may not be able to service all our liabilities when they become due. The Company is actively pursuing additional funds and remains discussing with potential financiers (see Note 21 - Subsequent events). However, there is no guarantee that the Company will be able to restructure its liabilities and/or secure the necessary financing on favorable terms. If any of our significant obligations are accelerated, we may not be able to repay the obligations that become immediately due and will have severe liquidity restraints.

We are currently evaluating strategic alternatives to address our liquidity issues. Still, we cannot assure you that any of our strategies will yield sufficient funds to meet our working capital or other liquidity needs. Any such alternative measures may be unsuccessful or may not permit us to meet scheduled obligations, which could cause us to default on our obligations. As a result, we may seek bankruptcy court protection to continue our efforts to restructure our business and capital structure. We may have to liquidate our assets and may receive less than the value at which those assets are carried on our consolidated financial statements.

Our liquidity issues, which can force us to seek protection under federal bankruptcy laws, may impact our business and operations.

Due to the uncertainty about our ability to obtain sufficient cash to service current and future liabilities, there is risk that, among other things:

- third parties' confidence in our ability to develop and manufacture explore and produce electric vehicles, which could impact our ability to execute on our business strategy;
- it may become more difficult to retain, attract or replace key employees;
- employees could be distracted from performance of their duties or more easily attracted to other career opportunities; and
- our suppliers, vendors and service providers could renegotiate the terms of our arrangements, terminate their relationship with us or require financial assurances from us.

Seeking bankruptcy court protection could have a material adverse effect on our business, financial condition, results of operations, and liquidity. For as long as a bankruptcy proceeding continued, our senior management would be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing on our business operations. Bankruptcy court protection also could make it more difficult to retain management and other key personnel necessary to the success and growth of our business. In addition, during the period of time we are involved in a bankruptcy proceeding, our customers and suppliers might lose confidence in our ability to reorganize our business successfully and could seek to establish alternative commercial relationships. The occurrence of certain of these events has already negatively affected our business and may have a material adverse effect on our business, results of operations, and financial condition.

Our commitment to issue shares of common stock pursuant to the terms of the Convertible Notes, the ELOC Purchase Agreement, our preferred stock and Warrants could encourage short sales by third parties, which could contribute to the future decline of our stock price.

Our commitment to issue shares of common stock pursuant to the terms of the Notes, the ELOC Purchase Agreement, our preferred stock and Warrants has the potential to cause significant downward pressure on the price of our common stock. In such an environment, short sellers may contribute exacerbate any decline of our stock price. If there are significant short sales of our common stock, the share price of our common stock may decline more than it would in an environment without such activity. This may cause other holders of our common stock to sell their shares. If there are many more shares of our common stock on the market for sale than the market will absorb, the price of our common stock will likely decline.

Sale or issuance of our common stock pursuant to the ELOC may cause dilution and the sale of the shares of common stock acquired by the Investor, or the perception that such sales may occur, could cause the price of our common stock to fall.

The purchase price for the shares that we may sell to the Investor under the ELOC Purchase Agreement will fluctuate based on the price of our common stock. Depending on market liquidity at the time, sales of such shares may cause the trading price of our common stock to fall.

Subject to the terms of the ELOC Purchase Agreement, we generally have the right to control the timing and amount of any future sales of our shares to the Investor. The extent to which we rely on the ELOC as a source of funding will depend on a number of factors, including the prevailing market price of our common stock and the extent to which we are able to secure working capital from other sources and other factors to be determined by us. We may ultimately decide to sell to the Investor all, some, or none of the shares of our common stock that may be available for us to sell pursuant to the ELOC Purchase Agreement. After the Investor has acquired shares, the Investor may resell all or some of those shares at any time or from time to time in its discretion. Therefore, sales to the Investor by us could result in substantial dilution to the interests of other holders of our common stock. Additionally, the sale of a substantial number of shares of our common stock to the Investor, or the anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales.

We are subject to various environmental laws and regulations that could impose substantial costs upon us and cause delays in operating our manufacturing facilities. Our operations are subject to international, federal, state and local environmental laws and regulations relating to the use, handling, storage, disposal of and exposure to hazardous materials and batteries. Environmental, health and safety laws and regulations are complex and evolving. For example, regulations regarding battery storage, recycling, disposal and processing are relatively new and the current lack of industry standards may increase our cost of compliance. Moreover, we may be affected by future amendments to such laws or other new environmental, health and safety laws and regulations which may require a change in our operations, potentially resulting in a material adverse effect on our business, prospects, results of operations and financial condition. These laws can give rise to liability for administrative oversight costs, cleanup costs, property damage, bodily injury, fines and penalties. Capital and operating expenses needed to comply with environmental laws and regulations can be significant, and violations could result in substantial fines and penalties, third-party damages, suspension of production or a cessation of our operations.

Contamination at properties we currently or will own and operate, we formerly owned or operated, that are adjacent or near our properties, or to which hazardous substances were sent by us, may result in liability for us under environmental laws and regulations, including, but not limited to the Comprehensive Environmental Response, Compensation and Liability Act, which can impose liability for the full amount of remediation-related costs without regard to fault, for the investigation and cleanup of contaminated soil and ground water, for building contamination and impacts to human health and for damages to natural resources. The costs of complying with environmental laws and regulations and any claims concerning noncompliance, or liability with respect to contamination in the future, could have a material adverse effect on our financial condition or operating results. We may face unexpected delays in obtaining the required permits and approvals in connection with our manufacturing facilities that could require significant time and financial resources and delay our ability to operate these facilities, which would adversely impact our business prospects and operating results.

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

Termination of Debt Agreement

On May 7, 2024, the Debt Agreement dated December 18, 2023, to issue a non-convertible secured promissory note with a principal amount of \$50 million and a \$18 million original issue discount was terminated (refer to Note 7—Debt for further information).

Settlement Agreement

On May 13, 2024, the Company entered into a Settlement Agreement and Stipulation (the “SAS”) with Silverback Capital Corporation (“SCC”), pursuant to which the Company agreed to issue common stock to SCC in exchange for the settlement of an aggregate of \$4,623,655 (the “Settlement Amount”) to resolve outstanding overdue liabilities with different vendors. On May 29, 2024, the Circuit Court of the Twelfth Judicial Circuit in and for Manatee County, Florida (the “Court”), entered an order (the “Order”) approving, among other things, the fairness of the terms and conditions of an exchange pursuant to Section 3(a)(10) of the Securities Act in accordance with a stipulation of settlement, pursuant to the SAS between the Company and SCC. SCC commenced action against the Company to recover the Settlement Amount of past-due obligations and accounts payable of the Company (the “Claim”), which SCC had purchased from certain vendors of the Company pursuant to the terms of separate receivable purchase agreements between SCC and each of such vendors. The Order provides for the full and final settlement of the Claim and the related action. The SAS became effective and binding upon execution of the Order by the Court on May 29, 2024. Pursuant to the terms of the SAS

approved by the Order, the Company agreed to issue to SCC shares (the "Settlement Shares") of the Company's common stock. The price of the Settlement Shares is calculated as 75% of the average of the three lowest prices traded during the valuation period. The SAS provides that the Settlement Shares will be issued in one or more tranches, as necessary, sufficient to satisfy the Settlement Amount through the issuance of securities issued pursuant to Section 3(a)(10) of the Securities Act. Pursuant to the SAS, SCC may deliver requests to the Company for additional shares of common stock to be issued to SCC until the Settlement Amount is paid in full, provided that any excess shares issued to SCC will be cancelled. In connection with the SAS, the Company has issued 1,022,500 shares of common stock to settle a part of the liability up to June 30, 2024. Subsequent to June 30, 2024, up to August 8, 2024, the Company has issued an additional 1,644,200 shares of common stock. The issuance of common stock to SCC pursuant to the terms of the Agreement approved by the Order is exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) thereof, as an issuance of securities in exchange for bona fide outstanding claims, where the terms and conditions of such issuance are approved by a court after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear. The Agreement provides that in no event will the number of shares of common stock issued to SCC or its designee in connection with the Agreement, when aggregated with all other shares of common stock then beneficially owned by SCC and its affiliates (as calculated pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder), result in the beneficial ownership by SCC and its affiliates (as calculated pursuant to Section 13(d) of the Exchange Act and the rules and regulations thereunder) at any time of more than 4.99% of the common stock.

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 June 30, December 31, 2024.

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Item 6. Exhibits

Exhibit No.	Description
3.1 10.1	Certificate of Designation of Rights, Preferences Amended and Privileges of Series A-1 Junior Participating Preferred Stock of Mullen Automotive Restated Secured Promissory Note dated October 24, 2024 issued by Bollinger Motors, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 6, 2024)
3.2	Certificate of Designation of Rights, Preferences and Privileges of Series E Preferred Stock of Mullen Automotive Inc. filed May 31, 2024 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 6, 2024)
4.1	Rights Agreement dated as of May 1, 2024, by and between the Company and Continental Stock Transfer & Trust Company, as rights agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 6, 2024)
10.1*	Settlement Agreement and Release, dated May 13, 2024, by and between Mullen Automotive Inc. and Silverback Capital Corporation
10.2	Commitment Letter Agreement dated May 14, 2024 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 14, 2024)
10.3	Securities Purchase Agreement dated May 14, 2024 by and among Mullen Automotive Inc. and the purchasers named therein (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 14, 2024)
10.3(a)	Form of Convertible Note (incorporated by reference to Exhibit 10.3(a) to the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 14, 2024)
10.3(b)	Form of Warrant (incorporated by reference to Exhibit 10.3(b) to the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 14, 2024)
10.3(c)	Registration Rights Agreement dated May 14, 2024 by and among Mullen Automotive Inc. and the purchasers named therein (incorporated by reference to Exhibit 10.3(c) to the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 14, 2024)
10.4	Common Stock Purchase Agreement, dated as of May 21, 2024, by and between the Company and the Investor (incorporated by reference to exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 24, 2024)
10.5	Registration Rights Agreement, dated as of May 21, 2024, by and between the Company and the Investor (incorporated by reference to exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on May 24, 2024)
10.6	Settlement Agreement and Release, dated May 31, 2024, by and between Mullen Automotive Inc. and the investor thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 6, 2024 October 28, 2024)
10.2#	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)

10.3	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)
10.4	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)
10.5	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)
10.6	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)
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. § 1350
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.

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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.

August 12, 2024 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)

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Exhibit 10.1

SETTLEMENT AGREEMENT AND STIPULATION

THIS SETTLEMENT AGREEMENT and STIPULATION is dated as of May 13, 2024 (the "Settlement Date") by and between Mullen Automotive, Inc. ("MULN" or the "Company"), a corporation formed under the laws of the State of Delaware, and Silverback Capital Corporation, ("SCC"), a Delaware Corporation.

BACKGROUND:

WHEREAS, there are bona fide outstanding liabilities of the Company in the principal amount of not less than \$4,623,655.35 and

WHEREAS, these liabilities are in default or past due; and

WHEREAS, SCC acquired such liabilities on the terms and conditions set forth in the annexed Claim Purchase Agreement(s), subject however to the agreement of the Company and compliance with the provisions hereof; and

WHEREAS, MULN and SCC desire to resolve, settle, and compromise among other things the liabilities as more particularly set forth on Schedule A and the Claims Purchase Agreements and debt instruments attached and annexed hereto and incorporated herein (hereinafter collectively referred to as the "Claims").

NOW, THEREFORE, the parties hereto agree as follows:

1. **Defined Terms.** As used in this Agreement, the following terms shall have the following meanings specified or indicated (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"AGREEMENT" shall have the meaning specified in the preamble hereof.

"CLAIM AMOUNT" shall mean \$4,623,655.35 (Subject to any applicable discounts pursuant to the annexed Claims Purchase Agreements).

"CLOSING PRICE" shall mean the Sale Price of the last transaction of the Common Stock completed during the day's trading session on the Settlement Date on the Principal Market.

"COMMON STOCK" shall mean the Company's common stock, \$0.001 par value per share, and any shares of any other class of common stock whether now or hereafter authorized, having the right to participate in the distribution of dividends (as and when declared) and assets (upon liquidation of the Company).

"COURT" shall mean Circuit Courts within the Twelfth Judicial Circuit of Florida.

"DRS" shall have the meaning specified in Section 3b.

"DTC" shall have the meaning specified in Section 3b.

"DWAC" shall have the meaning specified in Section 3b.

"FAST" shall have the meaning specified in Section 3b.

"SALE PRICE" shall mean the Sale Price of the Common Stock on the Principal Market.

"PRINCIPAL MARKET" shall mean the Nasdaq National Market, the Nasdaq SmallCap Market, CBOE, OTC Markets, OTC Pink, the Over the Counter Bulletin Board, QB marketplace, the American Stock Exchange or the New York Stock Exchange, whichever is at the time the principal trading exchange or market for the Common Stock.

"PURCHASE PRICE" shall mean the Closing Price.

"SELLER" shall mean any individual or entity listed on Schedule A, who originally owned the Claims.

"TRADING DAY" shall mean any day during which the Principal Market shall be open for business.

"TRANSFER AGENT" shall mean the transfer agent for the Common Stock (and to any substitute or replacement transfer agent for the Common Stock upon the Company's appointment of any such substitute or replacement transfer agent).

"VALUATION PERIOD" shall mean the ten (10) day trading period preceding the share request inclusive of the day of any Share Request pursuant to this agreement (the "trading period"); provided that the Valuation Period shall be extended as necessary in the event that (1) the Initial Issuance is delivered in more than one tranche pursuant to Sections 3(a) through 3(c) below, in which case the Valuation Period for each issuance shall be extended to include additional trading days pursuant to such issuance. The Valuation Period shall begin on the date of any Share Request pursuant to this Agreement, but shall be suspended to the extent that (i) any subsequent Initial Issuance tranche and/or Additional Issuance is due to be made until such date as such Initial Issuance tranche and/or Additional Issuance is delivered to SCC pursuant to Section 3(b)(ii); or (ii) the Company effectuates a reverse stock split during the Valuation Period. Any period of suspension of the Valuation Period shall be established by means of a written notice from SCC to the Company.

2. **Fairness Hearing.** Upon the execution hereof, Company and SCC agree, pursuant to Section 3(a)(10) of the Securities Act of 1933 (the "Act"), to expeditiously submit the terms and conditions of this Agreement to the Court for a hearing on the fairness of such terms and conditions, and the issuance exempt from registration of the Settlement Shares. This Agreement shall become binding upon the parties only upon entry of an order by the Court substantially in the form annexed hereto as Exhibit A (the "Order").

3. **Settlement Shares.** Following entry of an Order by the Court in accordance with Paragraph 2 herein and the execution by SCC and Company of the Stipulation and Order of Dismissal (as defined below) subject to paragraph 7 herein, Company shall issue and deliver to SCC shares of its Common Stock (the "Settlement Shares") as follows:

a. In settlement of the Claims, Company shall initially issue and deliver to SCC, in one or more tranches as necessary subject to paragraph 3(d) and (e) herein, shares of Common Stock (the "Initial Issuance"), subject to adjustment and ownership limitations as set forth below, sufficient to satisfy the compromised amount (the total amount of the claims divided by the purchase price) through the issuance of freely trading securities issued pursuant to Section 3(a)(10) of the Securities Act (the "Settlement Shares"). The Company shall also issue to SCC, on the initial issuance date, ten thousand (10,000) freely trading shares pursuant to Section 3(a)(10) of the Securities Act in accordance herewith as a settlement fee.

b. No later than the first business day following the date that the Court enters the Order, time being of the essence, Company shall: (i) transmit via email, facsimile and overnight delivery an irrevocable and unconditional instruction to Company's stock transfer agent in the form annexed hereto as Exhibit B; and (ii) issue and deliver to SCC Settlement Shares and Settlement Fee Shares in one or more tranches as necessary, as Direct Registration Systems (DRS) shares to SCC's account with the Depository Transfer Company (DTC) or through the Fast Automated Securities Transfer (FAST) program of DTC's Deposit/Withdrawal Agent Commission (DWAC) system, without any legends or restrictions on transfer, sufficient to satisfy the compromised amount, through the issuance of freely trading securities issued pursuant to Section 3(a)(10) of the Securities Act. Pursuant to this agreement, SCC may deliver a request to MULN either directly or through Company's Transfer Agent pursuant to Exhibit "B" which states the dollar amount (designated in U.S. dollars) of Common Stock to be issued to SCC (the "Share Request" or "Conversion

Notice"). The date upon which the first tranche of the Initial Issuance shares along with any Shares issued as a Settlement Fee have been received into SCC's account and are available for sale by SCC shall be referred to as the "Issuance Date". Additionally, the Company shall be fully responsible for all of the Transfer Agent's costs for each and every conversion of the Settlement Shares pursuant to this section which shall be promptly paid upon request by said Transfer Agent of MULN. The Company further irrevocably and unconditionally authorizes the Company's Transfer Agent to provide SCC with the Company's current Share Structure, including, but not limited to the Company's current Issued and Outstanding shares at any time upon the request of SCC to the Company's Transfer Agent.

c. During the Valuation Period, the Company shall deliver to SCC, through the Initial Issuance and any required Additional Issuance subject to paragraph 3(d) and (e) herein that number of shares (the "Final Amount") with an aggregate value equal to (A) the sum of the Claim Amount, divided by (B) the Purchase Price. The parties acknowledge that the number of Settlement Shares along with any Settlement Fee Shares to be issued pursuant to this Agreement is indeterminable as of the date of its execution, and could well exceed the current existing number of shares outstanding as of the date of its execution.

d. At the end of the Valuation Period, if the sum of the Initial Issuance and any Additional Issuance is greater than the Final Amount, SCC shall promptly deliver any remaining shares to Company or its transfer agent for cancellation.

e. Notwithstanding anything to the contrary contained herein, it is the intention of the parties that the Settlement Shares along with Settlement Fee Shares beneficially owned by SCC at any given time shall not exceed the number of such shares that, when aggregated with all other shares of Company then beneficially owned by SCC, or deemed beneficially owned by SCC, would result in SCC owning more than 4.99% of all of such Common Stock as would be outstanding on such date, as determined in accordance with Section 16 of the Exchange Act and the regulations promulgated thereunder. In compliance therewith, the Company agrees to deliver the Initial Issuance and any Additional Issuances in one or more tranches.

f. For the avoidance of doubt, the price used to determine the number of shares of Common Stock to be delivered pursuant to any Share Request shall be rounded up to the nearest decimal place of .00001.

4. **Necessary Action.** At all times after the execution of this Agreement and entry of the Order by the Court, each party hereto agrees to take or cause to be taken all such necessary action including, without limitation, the execution and delivery of such further instruments and documents, as may be reasonably requested by any party for such purposes or otherwise necessary to effect and complete the transactions contemplated hereby.

5. **Releases.** Upon receipt of all of the Settlement Shares and Settlement Fee Shares for and in consideration of the terms and conditions of this Agreement, and except for the obligations, representations, indemnifications pursuant to paragraph 16 herein and covenants arising or made hereunder or a breach hereof, the parties hereby release, acquit and forever discharge the other and each, every and all of their current and past officers, directors, shareholders, affiliated corporations, subsidiaries, agents, employees, representatives, attorneys, predecessors, successors and assigns (the "Released Parties"), of and from any and all claims, damages, cause of action, suits and costs, of whatever nature, character or description, whether known or unknown, anticipated or unanticipated, which the parties may now have or may hereafter have or claim to have against each other with respect to the Claims. Nothing contained herein shall be deemed to negate or affect SCC's right and title to any securities heretofore issued to it by Company or any subsidiary of Company.

6. **Representations.** Company hereby represents, warrants and covenants to SCC as follows:

a. There are Five Billion (5,000,000,000) shares of Common Stock of the Company authorized as of May 3, 2024, of which approximately Ten Million Seven Hundred Twenty-Seven Thousand Five Hundred and Twenty-Three (10,727,523) Shares of Common Stock are issued and outstanding as of May 3, 2024; and Four Billion Nine Hundred Eighty-Nine Million Two Hundred Seventy-Two Thousand Four Hundred Seventy-Seven (4,989,272,477) Shares of Common Stock are available for issuance pursuant hereto;

b. The shares of Common Stock to be issued pursuant to the Order are duly authorized, and when issued will be duly and validly issued, fully paid and non-assessable, free and clear of all liens, encumbrances and preemptive and similar rights to subscribe for or purchase securities;

c. The shares will be exempt from registration under the Securities Act and issuable without any restrictive legend;

d. The Company shall initially reserve from its duly authorized capital stock a number of shares of Common Stock at least equal to 1.5 times the greater of the number of shares that could be issued pursuant to the terms of the Order and that Company shall initially reserve at its transfer agent, at a minimum, three million five hundred thousand (3,500,000) shares during the Valuation Period in order to ensure that it can properly carry out the terms of this agreement, which may only be released to Company once all of the Settlement Shares and Settlement Fee Shares have been delivered and converted pursuant to this agreement and Company's obligations are otherwise fully satisfied or there has otherwise been a default pursuant to the terms of this agreement; of this reserve amount, SCC plans on converting this Settlement into that number of shares and in many instances more shares, should the price go down. In the event that Company effectuates a reverse split of Company's Common Stock while any obligations are owed to SCC pursuant to this Agreement by Company, then the reserve shares shall be proportionately adjusted;

e. If at any time it appears reasonably likely that there may be insufficient authorized shares and/or reserve shares to fully comply with the Order, Company shall promptly increase its authorized shares and/or reserve shares to ensure its ability to timely comply with the Order;

f. As of the date of this agreement the execution of this Agreement and performance of the Order by Company and SCC will not (1) conflict with, violate or cause a breach or default under any agreements between Company and any creditor (or any affiliate thereof) related to the account receivables comprising the Claims, or (2) require any waiver, consent, or other action of the Company or any creditor, or their respective affiliates, that has not already been obtained;

g. Without limitation, the Company hereby waives any provision in any agreement related to the account receivables comprising the Claims requiring payments to be applied in a certain order, manner, or fashion, or providing for exclusive jurisdiction in any court other than this Court;

h. The Company has all necessary power and authority to execute, deliver and perform all of its obligations under this Agreement;

i. The Company has corporate Shareholder's delegations in place with sufficient authorized capital or shall arrange a Shareholder's meeting to satisfy the legal and regulatory requirements in connection with this transaction;

j. The corporate issuance shall be made without preferred sufficient subscription rights of the existing Shareholder's or holders of Securities granting access to the Company's capital;

k. This Settlement Agreement and Stipulation shall be subject to all required corporate authorizations by the Company;

l. The execution, delivery and performance of this Agreement by Company has been duly authorized by all requisite action on the part of Company and its Board of Directors (including a majority of its independent directors), and this Agreement has been duly executed and delivered by Company;

m. Company did not enter into the transaction giving rise to the Claims in contemplation of any sale or distribution of Company's common stock or other securities;

n. There has been no modification, compromise, forbearance, or waiver entered into or given with respect to the Claims. There is no action based on the Claims that is currently pending in any court or other legal venue, and no judgments based upon the Claims have been previously entered in any legal proceeding with the exceptions as contained in the Claim Purchase Agreements;

o. There are no taxes due, payable or withholdable as an incident of Seller's provision of goods and services, and no taxes will be due, payable or withholdable as a result of settlement of the Claims;

p. Seller was not and within the past ninety (90) days has not been directly or indirectly through one or more intermediaries in control, controlled by, or under common control with, the Company and is not an affiliate of the Company as defined in Rule 144 promulgated under the Act;

q. Company is operational and is a non-shell company within the meaning of Rule 405 and all applicable Securities Rules and Registration pertaining thereto;

r. Company represents that Seller is not, directly or indirectly, utilizing any of the proceeds received from SCC for selling the Claims to provide any consideration to or invest in any manner in the Company or any affiliate of the Company;

s. Company has not received any notice (oral or written) from the SEC or Principal Market regarding a halt, limitation or suspension of trading in the Common Stock; and

t. Seller will not, directly or indirectly, receive any consideration from or be compensated in any manner by, the Company, or any affiliate of the Company, in exchange for or in consideration of selling the Claims;

u. Company represents that none of the services provided or to be provided which gave rise to the Claims were or are services related to promoting the Company's Securities or that may be considered investor relations services;

v. Company represents that each Claim being purchased pursuant hereto is a bona-fide Claim against the Company and that the invoices or written contract(s)/promissory notes underlying each Claim are accurate representations of the nature of the debt and the amounts owed by the Company to Seller and that the goods or services which are the subject of the Claims being purchased have been received or rendered;

w. Company acknowledges that SCC or its affiliates may from time to time, hold outstanding securities of the Company which may be convertible in shares of the Company's common stock at a floating conversion rate tied to the current market price for the stock. The number of shares of Common Stock issuable pursuant to this Agreement may increase substantially in certain circumstances, including, but not necessarily limited to the circumstance wherein the trading price of the Common Stock declines during the Valuation Period. The Company's executive officers and directors have studied and fully understand the nature of the transaction contemplated by this Agreement and recognize that they have a potential dilutive effect. The board of directors of the Company has concluded in its good faith business judgment that such transaction is in the best interests of the Company. The Company specifically acknowledges that its obligation to issue the Settlement Shares is binding upon the Company and enforceable regardless of the dilution such issuance may have on the ownership interests of other shareholders of the Company. The Board of Directors of the Company has further given its consent for each conversion of shares of stock pursuant to this agreement and agrees and consents that same may occur below the par value of the Company's Common Stock if applicable.

x. None of the transactions agreements or proceedings described above is part of a plan or scheme to evade the registration requirements of the Securities Act and MULN and SCC are acting and has acted in an arms length capacity.

7. **Continuing Jurisdiction.** Simultaneously with the execution of this Agreement, the attorneys representing the parties hereto will execute a stipulation of dismissal substantially in the form annexed hereto as Exhibit C (the "Stipulation of Dismissal"). The parties hereto expressly agree that said Stipulation of Dismissal shall not be filed, but shall be held in escrow by counsel for SCC, until such time that Company has fully complied with all of its obligations pursuant to this Settlement Agreement and Stipulation. In order to enable the Court to grant specific enforcement or other equitable relief in connection with this Agreement, (a) the parties consent to the jurisdiction of the Court for purposes of enforcing this Agreement, and (b) each party to this Agreement expressly waives any contention that there is an adequate remedy at law or any like doctrine that might otherwise preclude injunctive relief to enforce this Agreement.

8. **Conditions Precedent/Default.**

a. If Company shall default in promptly delivering the Settlement Shares or Settlement Fee Shares to SCC in the form and mode of delivery as required by Paragraphs 2, 3, 4 and 6 herein or otherwise fail in any way to fully comply with the provisions thereof;

b. If the Order shall not have been entered by the Court on or prior to ninety (90) days after execution of this agreement;

c. If the Company shall fail to comply with the Covenants set forth in Paragraph 15 hereof;

d. If Bankruptcy, dissolution, receivership, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors or other legal proceedings for any reason shall be instituted by or against the Company; or if the trading of the Common Stock shall have been halted, limited, or suspended by the SEC or on the Principal Market; or trading in securities generally on the Principal Market shall have been suspended or limited; or, minimum prices shall have been established for securities traded on the Principal Market, or SCC's selling broker, or eligible for delivery via DTC or DWAC; or any portion of the Common Stock is for any reason not eligible or unable to be deposited and/or cleared through SCC's broker, brokerage account and/or clearing agent for trade without restriction on the Principal Market pursuant to the requirements of this Agreement; or the Common Stock is no longer eligible for book transfer delivery via DWAC; or the Company is delinquent or has not made its required Securities and Exchange Commission filings or disclosures in whole or in part; or if any time, the Sale Price for the Company's Common Stock drops below \$2.50 for three (3) consecutive trading days (which price shall be proportionately adjusted in the event of a reverse split); or if at any time, the thirty (30) day average volume of the trading of the Company's Common Stock drops to at or below Five Hundred Thousand (500,000) shares per day; or there shall have been any material adverse change (i) in the Company's finances or operations, or (ii) in the financial markets such that, in the reasonable judgment of SCC, makes it impracticable or inadvisable to trade the Settlement Shares along with any Settlement Fee Shares; and such suspension, limitation or other action is not cured within three (3) trading days; then the Company shall be deemed in default of the Agreement and Order and this Agreement and/or any remaining obligations, in whole or in part, of SCC pursuant to this Agreement shall be voidable in the sole discretion of SCC, unless otherwise agreed by written agreement of the parties;

e. In the event that the Company fails to fully comply with the conditions precedent as specified in paragraph 8 a. through d. herein, or the Conditions Precedent are not fully met or satisfied, then the Company shall be deemed in default of the agreement and SCC, at its option and in its sole discretion, may declare Company to be in default of the Agreement and Order in whole or in part, and this Agreement and/or any remaining obligations of SCC, in whole or in part pursuant to this Agreement shall be voidable in the sole discretion of SCC, unless otherwise agreed by written agreement of the parties. In said event, SCC shall have no further obligation to comply with the terms of this agreement and can thus opt out of making any remaining payments, in whole or in part, if applicable, not previously made to creditors as contemplated by the Claims Purchase Agreements as referenced in schedule A. In the event Company is declared to be in default in whole or in part, Company shall remain fully obligated to comply with the terms of this Settlement Agreement and Stipulation for issuance of shares of stock to SCC for any amount of debt previously purchased and paid for by SCC pursuant to the terms of this Settlement Agreement and Stipulation, Schedule A, as well as Order approving same along with all Settlement fees required hereby and any amount of debt subsequently purchased and paid for by SCC in the event of a partial default. In SCC's sole discretion, SCC may declare a partial default pursuant to the terms of this Agreement, including, but not limited to Company's full compliance and satisfaction of its obligations and Conditions Precedent herein as it relates to Purchase of the Claims as more particularly set forth on Schedule A and the Claims Purchase Agreements and debt instruments attached and annexed thereto and incorporated herein (hereinafter collectively referred to as the "Claims"). In the event that a partial default is declared, then the remaining obligations of SCC and Company pursuant to this Agreement, shall remain in full force and effect unless otherwise defaulted. In the event that Company is declared to be in default of this Agreement prior to successful deposit and clearance of the Settlement Shares and/or settlement fee shares, Company shall further remain fully obligated for issuance of all settlement fee shares pursuant to paragraph 3(a) herein.

9. **Amended Purchase Price.** If at any time the Sale Price for the Company's Common Stock drops below the Closing Price, then the Purchase Price shall mean the lower of (i) the Closing Price or (ii) 75% multiplied by the Market Price subject to and notwithstanding a minimum price floor of \$0.05. The "Market Price" shall mean the average of the three (3) lowest traded prices during the Valuation Period. In the event the Settlement Shares are not delivered on the same date as the Share Request or Conversion Notice, the Valuation Period will be extended to the date the Settlement Shares and/or Settlement Fee Shares are "Delivered". "Delivered" shall mean the date the shares clear deposit into SCC's brokerage account, which shall be the date SCC is able to trade the shares free from restrictions of any kind including by SCC's Brokerage firm, DTC, Company or Company's Transfer Agent (the "Extended Valuation Period"). Extending the Valuation Period will not adjust the number of shares delivered but will adjust the market price, Settlement Shares and the amount the Claim amount is reduced as a result of the conversion, and will be memorialized by an Amended Share Request or Conversion Notice, which will be submitted to the Company or Company's Transfer Agent by SCC, if applicable.

10. **Information.** Company and SCC each represent that prior to the execution of this Agreement, they have fully informed themselves of its terms, contents, conditions and effects, and that no promise or representation of any kind has been made to them except as expressly stated in this Agreement.

11. **Ownership and Authority.** Company and SCC represent and warrant that they have not sold, assigned, transferred, conveyed or otherwise disposed of any or all of any claim, demand, right, or cause of action, relating to any matter which is covered by this Agreement, that each is the sole owner of such claim, demand, right or cause of action, and each has the power and authority and has been duly authorized to enter into and perform this Agreement and that this Agreement is the binding obligation of each, enforceable in accordance with its terms.

12. **No Admission.** This Agreement is contractual and it has been entered into in order to compromise disputed claims and to avoid the uncertainty and expense of the litigation. This Agreement and each of its provisions in any orders of the Court relating to it shall not be offered or received in evidence in any action, proceeding or otherwise used as an admission or concession as to the merits of the Action or the liability of any nature on the part of any of the parties hereto except to enforce its terms.

13. **Binding Nature.** This Agreement shall be binding on all parties executing this Agreement and their respective successors, assigns and heirs.

14. **Authority to Bind.** Each party to this Agreement represents and warrants that the execution, delivery and performance of this Agreement and the consummation of the transactions provided in this Agreement have been duly authorized by all necessary action of the respective entity and that the person executing this Agreement on its behalf has the full capacity to bind that entity. Each party further represents and warrants that it has been represented by independent counsel of its choice in connection with the negotiation and execution of this Agreement, and that counsel has reviewed this Agreement. Company further represents and

warrants that they have had corporate legal counsel review and agree to the terms of this Agreement independent of counsel of their choosing to represent Company at any fairness hearing or hearings to approve this Agreement.

15. Covenants.

a. For ninety (90) days following entry of an Order by the Court, neither Company nor any of its affiliates shall vote any shares of Common Stock owned or controlled by it, or solicit any proxies or seek to advise or influence any person with respect to any voting securities of Company; in favor of (1) an extraordinary corporate transaction, such as a reorganization, reverse stock split or liquidation, involving Company or any of its subsidiaries, (2) a sale or transfer of a material amount of assets of Company or any of its subsidiaries, (3) any material change in the present capitalization or dividend policy of Company, (4) any other material change in Company's business or corporate structure, (5) a change in Company's charter, bylaws or instruments corresponding thereto (6) causing a class of securities of Defendant to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association, (7) causing a class of equity securities of Company to become eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended, (8) terminating its Transfer Agent (9) taking any action which would impede the purposes and objects of this Settlement Agreement or (10) effectuating or taking any action, intention, plan or arrangement similar to any of those enumerated above. The provisions of this paragraph may not be modified or waived without further order of the Court.

b. Immediately upon the signing of the Settlement Order by the Court, the Company shall cause to be filed a Form 8-K with the Securities and Exchange Commission disclosing the settlement or Press Release as applicable. The Company shall further immediately file such additional SEC filings as may be or are required in respect of the transactions.

c. SCC hereby covenants that they have not provided any funds or other consideration to the Company and have no intent to do so. In no event shall any of the funds received from the sale of shares of the Company in reliance upon the Court Order be used to provide any consideration to the Company or any affiliate of the Company.

16. Indemnification. Company covenants and agrees to indemnify, defend and hold SCC and its agents, employees, representatives, officers, directors, stockholders, controlling persons and affiliates harmless arising from or incident or related to this Agreement, including, without limitation, any claim or action brought derivatively or by the Seller or Shareholders of the Company and further, harmless against any charges, claims, suits, losses, expenses, damages, obligations, fines, judgments, liabilities, costs and expenses (including actual costs of investigation and reasonable attorney's fees) whether brought by an individual or entity or imposed by a court of law or by administrative action of any Federal, State or Local governmental body or agency, administrative agency or regulatory authority related to arising in any manner out of, based upon or in connection with (a) any untrue statement or alleged untrue statement of a material fact made by the Company or any omission or alleged omission of the Company to state a material fact required to be stated herein or in any seller document or necessary to make the statements therein not misleading or (b) the inaccuracy or breach of any covenant, representation or warranty made by the Company contained herein or in any seller document or (c) any transaction, proposal or any other matter contemplated herein. The Company will promptly reimburse the indemnified parties for all expenses (including reasonable fees and expenses of legal counsel) as incurred in connection with the investigation of, preparation for or defense of any pending or threatened claim related to or arising in any manner out of any matter contemplated by this Agreement, or any action or proceeding arising therefrom, whether or not such indemnified party is a formal party to any such proceeding. This Agreement specifically includes, but is not limited to the foregoing concerning any claim that SCC is in violation of or has violated Section 5 of the Securities Act of 1933, as amended, for unlawful or unauthorized sale of securities based upon SCC's reliance on representations of Company or misrepresentations of Company pursuant to (a), (b) or (c) herein and/or that any payments made by SCC to Creditors were fraudulent, based upon false instruments provided to SCC or not bona fide claims within the meaning of Section 3(a)(10) of the Securities Act of 1933. Notwithstanding the foregoing, the Company shall not be liable in respect of any claims that a court of competent jurisdiction has judicially determined by final judgment (and the time to appeal has expired or the last right of appeal of has been denied) which resulted solely or in part from the willful misconduct of an indemnified party or the willful violation of any securities law or regulations by the indemnified party. The Company further agrees that it will not, without the prior written consent of SCC, settle, compromise or consent to the entry of any judgment in any pending or threatened proceeding in respect of which indemnification may be sought hereunder (whether or not SCC or any indemnified party is an actual or potential party to such proceeding), unless such settlement, compromise or consent includes an unconditional release of SCC and each other indemnified party hereunder from all liability arising out of such proceeding. In order to provide for just and equitable contribution in any case in which (i) an Indemnified Party is entitled to indemnification pursuant to this Indemnification Agreement but it is judicially determined by the entry of a final judgment decree by a court of competent jurisdiction and (the time to appeal has expired or the last right of appeal has been denied) that such indemnification may not be enforced in such case, or (ii) contribution may be required by the Company in circumstances for which an Indemnified Party is otherwise entitled to indemnification under the Agreement, then, and in each such case, the Company shall contribute to the aggregate losses, Claims and damages and/or liabilities in an amount equal to the amount for which indemnification was held unavailable.

The Company further agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company for or in connection with SCC's agreement hereunder except for Claims that a court of competent jurisdiction shall have determined by final judgment (and the time to appeal has expired or the last right of appeal has been denied) resulted solely or in part from the willful misconduct of such Indemnified Party or the willful violation of any securities laws or regulations by an Indemnified Party. The indemnity, reimbursement and contribution obligations of the Company set forth herein shall be in addition to any liability which the Company may otherwise have and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company or an Indemnified Party.

17. Legal Effect. The parties to this Agreement represent that each of them has been advised as to the terms and legal effect of this Agreement and the Order provided for herein, and that the settlement and compromise stated herein is final and conclusive forthwith, shall supersede all prior written or oral between the parties,

subject to the conditions stated herein, and each attorney represents that his or her client has freely consented to and authorized this Agreement after having been so advised.

18. **Mutual Drafting.** Each party has participated jointly in the drafting of this Agreement which each party acknowledges is the result of negotiation between the parties and the language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent. If ambiguity or question of intent or interpretation arises, then this Agreement will accordingly be construed as drafted jointly by the parties, and no presumption or burden of proof will arise favoring or disfavoring any party to this Agreement by virtue of the authorship of any of the provisions of this Agreement.

19. **Failure or Indulgence Not Waiver.** No failure or delay on the part of SCC in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

20. **Waiver of Defense.** Each party hereto waives a statement of decision, and the right to appeal from the Order after its entry. Company further waives any defense based on the rule against splitting causes of action. The prevailing party in any motion to enforce the Order shall be awarded its reasonable attorney fees and expenses in connection with such motion. Except as expressly set forth herein, each party shall bear its own attorneys' fees, expenses and costs.

21. **Signatures.** This Agreement may be signed in counterparts and the Agreement, together with its counterpart signature pages, shall be deemed valid and binding on each party when duly executed by all parties. Facsimile and electronically scanned signatures shall be deemed valid and binding for all purposes. This Agreement may be amended only by an instrument in writing signed by the party to be charged with enforcement thereof. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

22. **Choice of Law, Etc.** Notwithstanding the place where this Agreement may be executed by either of the parties, or any other factor, all terms and provisions hereof shall be governed by and construed in accordance with the laws of the State of Florida, applicable to agreements made and to be fully performed in that State and without regard to the principles of conflicts of laws thereof. Any action brought to enforce, or otherwise arising out of this Agreement shall be brought only in State Court sitting in the Twelfth Judicial Circuit, State of Florida.

23. **Exclusivity.** For a period of the earlier of one hundred eighty (180) days from the date of the execution of this Agreement or upon SCC's final sale of all shares of stock issued pursuant hereto subsequent to final adjustment; (a) Company and its representatives shall not enter into any exchange transaction under Section 3(a)(10) of the Securities Act nor directly or indirectly discuss, negotiate or consider any proposal, plan or offer from any other party relating to any liabilities, or any financial transaction having an effect or result similar to the transactions contemplated hereby without the express written consent of SCC; and (b) SCC shall have the exclusive right to negotiate and execute definitive documentation embodying the terms set forth herein and other mutually acceptable terms.

24. **Inconsistency.** In the event of any inconsistency between the terms of this Agreement and any other document executed in connection herewith, the terms of this Agreement shall control to the extent necessary to resolve such inconsistency.

25. **NOTICES.** Any notice required or permitted hereunder shall be given in writing (unless otherwise specified herein) and shall be deemed effectively given on the earliest of

- (a) the date delivered, if delivered by personal delivery as against written receipt therefore or by confirmed facsimile transmission,
- (b) the fifth business day after deposit, postage prepaid, in the United States Postal Service by registered or certified mail, or
- (c) the second business day after mailing by domestic or international express courier, with delivery costs and fees prepaid,
- (d) delivery by email upon delivery,

in each case, addressed to each of the other parties thereunto entitled at the following addresses (or at such other addresses as such party may designate by ten (10) days' advance written notice similarly given to each of the other parties hereto):

Company:

Mullen Automotive Inc
1405 Pioneer Street, Brea CA 92821
E-mail: dmichery@mullenusa.com

IN WITNESS WHEREOF, the parties have duly executed this Settlement Agreement and Stipulation as of the date first indicated above.

MULLEN AUTOMOTIVE INC.

By: /s/ David Michery

Name: David Michery

Title: CEO

By: /s/ Gillian Gold

Name: Gillian Gold

Title: Manager

EXHIBIT A

**IN THE CIRCUIT COURT OF THE TWELFTH JUDICIAL CIRCUIT
IN AND FOR COUNTY, FLORIDA**

Silverback Capital Corporation, a Delaware Corporation,
Plaintiff,

v.

a _____ Corporation,
Defendant.

Case No. _____

**ORDER GRANTING APPROVAL OF
SETTLEMENT AGREEMENT AND STIPULATION**

This matter having come on for a hearing on the _____ day of _____, 2023, to approve the Settlement Agreement entered into as of _____, 2022 between Plaintiff, _____ ("Plaintiff") and Defendant, _____ ("Defendant" and collectively with Plaintiff, the "Parties"), and the Court having held a hearing as to the fairness of the terms and conditions of the Settlement Agreement and Stipulation and being otherwise fully advised in the premises, the Court hereby finds as follows:

1. The Court has been advised that the Parties intend that the sale of the Shares (as defined by the Settlement Agreement and, hereinafter, the "Shares") to and the resale of the Shares by Plaintiff in the United States, assuming satisfaction of all other applicable securities laws and regulations, will be exempt from registration under the Securities Act of 1933 (the "Securities Act") in reliance upon Section 3(a)(10) of the Securities Act based upon this Court's finding herein that the terms and conditions of the issuance of the Shares by Defendant to Plaintiff are fair to Plaintiff;

2. The hearing having been scheduled upon the consent of Plaintiff and Defendant, Plaintiff has had adequate notice of the hearing and Plaintiff is the only party to whom Shares will be issued pursuant to the Settlement Agreement;

3. The terms and conditions of the issuance of the Shares in exchange for the release of certain claims as set forth in the Settlement Agreement are fair to Plaintiff, the only party to whom the Shares will be issued;

4. The fairness hearing was open to Plaintiff. Plaintiff was represented by counsel at the hearing who acknowledged that adequate notice of the hearing was given and consented to the entry of this Order.

It is hereby ORDERED AND ADJUDGED that the Settlement Agreement and Stipulation is hereby approved as fair to the party to whom the Shares will be issued, within the meaning of Section 3(a)(10) of the Securities Act and that the sale of the Shares to Plaintiff and the resale of the Shares in the United States by Plaintiff, assuming satisfaction of all other applicable securities laws and regulations, will be exempt from registration under the Securities Act of 1933. The Settlement Agreement and Stipulation entered into between the parties is hereby approved and the parties are ordered to comply with same. The Circuit Court of the Twelfth Judicial Circuit in and for County, Florida reserves jurisdiction over the parties to this action as well as the subject matter herein for purposes of contempt and enforcement of the Settlement Agreement and Stipulation as well as for such other purposes as allowed by law.

SO ORDERED, this _____ day of _____, 2022.

The Honorable _____

Conformed copies to:

_____, Esq.

_____, Esq.

EXHIBIT B

[To be reprinted on Company letterhead]

Date _____

Continental Stock Transfer & Trust Company

1 State Street, Floor 30

New York, NY 10004

Ladies and Gentlemen:

Mullen Automotive, Inc, a Delaware corporation (the "Company"), and Silverback Capital Corporation (the "Investor") have entered into a 3(a)(10) Settlement Agreement dated as of _____ (the "Agreement") providing for the issuance of the Settlement in the principal amount of \$4,623,655.35 (the "Settlement").

You are hereby irrevocably authorized and instructed to reserve a sufficient number of shares of common stock ("shares") of the Company (initially, 3,500,000 shares) for issuance upon full conversion of the Settlement in accordance with the terms thereof. The amount of shares so reserved may be increased, from time to time, only upon the written instructions of the Company.

The ability to convert the Note in a timely manner is a material obligation of the Company pursuant to the Settlement. Provided you are acting as Transfer Agent at the time and provided no single issuance is greater than 4.99% of the issued and outstanding shares of the Company, your firm is hereby irrevocably authorized and instructed to within two (2) Trading days issue shares of Common Stock of the Company to the Investor without any further action or confirmation by the Company upon your receipt from the Investor of: (i) a notice of conversion ("Conversion Notice") executed by the Investor, (ii) an opinion of counsel of the issuer or

of the Investor confirming that the shares may be issued upon conversion of the Settlement without any transfer restrictions pursuant to the exemption provided by Rule 144 (or any other available exemption) under the Federal Securities Act of 1933, as amended (the "Securities Act"), and (iii) if applicable, copies of all supporting Rule 144 documentation (a seller's representation letter and a broker's representation letter if the shares have been held less than twelve months). A copy of the Conversion Notice must be sent via email to the Company at the same time it is sent to Continental. Such shares should be issued, at the option of the Investor as specified in the Notice of Conversion either (i) electronically by crediting the account of a Prime Broker with the Depository Trust Company through its Deposit Withdrawal at Custodian ("DWAC") system provided the Investor causes its broker or bank to initiate a DWAC deposit or (ii) in certificated form without any restrictive legend which would restrict the transfer of the shares, provided however that if such shares are not able to be sold under Rule 144 or any other exemption under the Securities Act and you have received an opinion from the Investor's counsel that the issuance of the shares is exempt from registration under the Securities Act and when issued the shares will be fully paid and non-assessable, then the issued certificates for such shares shall bear the following restrictive legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SECURITIES MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER SAID ACT, OR AN OPINION OF COUNSEL IN FORM, SUBSTANCE AND SCOPE CUSTOMARY FOR OPINIONS OF COUNSEL IN COMPARABLE TRANSACTIONS, THAT REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

The shares shall remain in the created reserve with the Transfer Agent until counsel to the Investor and an authorized officer of the Company provides joint written instructions to the Transfer Agent that the shares or any part of them shall be taken out of the reserve and shall no longer be subject to the terms of these instructions.

The Company shall indemnify you and your officers, directors, principals, partners, agents and representatives, and hold each of them harmless from and against any and all loss, liability, damage, claim or expense (including the reasonable fees and disbursements of its attorneys) incurred by or asserted against you or any of them arising out of or in connection with the instructions set forth herein, the performance of your duties hereunder and otherwise in respect hereof, including the costs and expenses of defending yourself or themselves against any claim or liability including any claim which may be made or asserted by the Company, except that the Company shall not be liable hereunder as to matters in respect of which it is determined that you have acted with gross negligence or in bad faith. You shall have no liability to the Company and the Investor in respect of this if such action was taken or omitted to be taken in good faith, and you shall be entitled to rely in this regard and without liability on the advice of counsel, including counsel selected by you.

The Board of Directors of the Company has approved these irrevocable instructions and does hereby extend the Company's irrevocable agreement to indemnify your firm for all loss, liability or expense in carrying out the authority and direction herein contained on the terms herein set forth.

The Company agrees that in the event that you resign as the Company's transfer agent, the Company shall engage a suitable replacement transfer agent that will agree to serve as transfer agent for the Company within five (5) business days. The Company acknowledges that you will have the right to complete any issuance or conversion request received in good order prior to your resignation. It is also understood that you are permitted to resign without any stipulated conditions.

The Investor is intended to be and is a third party beneficiary hereof, and no amendment or modification to the instructions set forth herein may be made without the consent of the Investor.

Notwithstanding any other provision hereof, the Company and the Investor understand that you shall not be required to perform any issuance of the Shares if (a) such an issuance or transfer of Shares is in violation of any state or federal securities laws or regulations or (b) the issuance of the Shares is prohibited or stopped as required or directed by a court order from a court of competent jurisdiction. Additionally, Company and Investor understand that you shall not be required to perform any issuance of the Shares if Company is in default of its payment obligations under its agreement with you.

Very truly yours,

Mullen Automotive, Inc.

By:

Name:

Title:

Date:

Acknowledged and Agreed:

[Investor]

By:

Name:

Title:

Date:

Acknowledged and Agreed:

[Transfer Agent]

By:

Name:
Title:
Date:

EXHIBIT C
IN THE CIRCUIT COURT OF THE TWELFTH JUDICIAL CIRCUIT
IN AND FOR COUNTY, FLORIDA

Silverback Capital Corporation,
a Delaware Corporation,
Plaintiff,
v.

a _____ Corporation,
Defendant.
_____ /

Case No.

STIPULATION AND ORDER OF DISMISSAL
IT IS HEREBY STIPULATED AND AGREED, by and between the undersigned, the attorneys of record for all the parties to the above-entitled action, pursuant to the Florida Rules of Civil Procedure, that whereas no party hereto is an infant or incompetent person for whom a committee has been appointed or conservatee and no person not a party has an interest in the subject matter of the action, the above-entitled action be, and the same hereby is, dismissed, each party to bear its own costs.
Dated: _____, 202__.

SO ORDERED:

The Honorable _____

SCHEDULE A
CLAIMS
30 62

Exhibit 31.1

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: **August 12, 2024** February 19, 2025

By: /s/ David Michery

David Michery

Chief Executive Officer

argo Securities, LLC toll-free at (800) 645-3751.

Exhibit 31.2

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: **August 12, 2024** February 19, 2025

By: /s/ Jonathan New

Jonathan New

Chief Financial Officer

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argo Securities, LLC toll-free at (800) 645-3751.

Exhibit 32.1

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 **June 30, 2024** 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

August 12, 2024 February 19, 2025

By: /s/ Jonathan New

Jonathan New

Chief Financial Officer

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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