UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q/A
Amendment No. 1

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

For the quarterly period ended **March 31, 2023**

OR

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

For the transition period from ________________ to ________________

Commission File Number: 001-39395

Faraday Future Intelligent Electric Inc.
(Exact name of registrant as specified in its charter)

Delaware	**84-4720320**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
18455 S. Figueroa Street, Gardena, CA	**90248**
(Address of Principal Executive Offices)	(Zip Code)

(424) 276-7616
Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.0001 per share	FFIE	The Nasdaq Stock Market LLC
Redeemable warrants, exercisable for shares of Class A common stock at an exercise price of $11.50 per share	FFIEW	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer	☐	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 Exchange Act). Yes ☐ No ☒

The registrant had outstanding 1,076,721,342 shares of Class A common stock and 64,000,588 shares of Class B common stock as of May 5, 2023.

EXPLANATORY NOTE

Faraday Future Intelligent Electric Inc. (the “Company” or “FF”) is filing this Amendment No. 1 to its Quarterly Report on Form 10-Q (this “Form 10-Q/A”) for the period ended March 31, 2023, originally filed with the Securities and Exchange Commission (the “SEC”) on May 12, 2023 (the “Original Filing”), to restate certain information in the Company's previously issued consolidated financial statements and related disclosures for the period ended March 31, 2023. Concurrent with the filing of this Form 10-Q/A, the Company will be filing an amended Form 10-K for the year ended December 31, 2022 (originally filed with the SEC on March 9, 2023) and an amended Form 10-Q for the period ended September 30, 2022 (originally filed with the SEC on November 21, 2022).

Restatement

On July 11, 2023, the Company announced that the Audit Committee of the Company’s Board of Directors determined, based on the recommendation of management that the Company’s previously issued financial statements included in the 2022 Form 10-K for the period ended December 31, 2022 and Quarterly Reports on Form 10-Q for the periods ended March 31, 2023 and September 30, 2022 (the “Affected Periods”) should no longer be relied upon due to errors identified in the Affected Periods primarily due to an error stemming from a non-cash and non-operating item related to the change in the fair value upon conversion of the notes payable issued under the Company’s debt arrangements. The Company has determined that it is appropriate to correct the misstatements in the Company’s previously issued financial statements and related disclosures by amending the Original Filing, its Annual Report on Form 10-K for the year ended December 31, 2022, and its Quarterly Report on Form 10-Q for the period ended September 30, 2022.

In connection with remediating certain material weaknesses in the Company’s internal control over financial reporting previously disclosed in the Original Filing, the Company identified the aforementioned error in its accounting for the conversion of the notes payable issued under its debt arrangements. During the course of correcting the aforementioned error, the Company identified an error in its accounting for the exercise of its liability-classified warrants that were previously issued in connection with the issuance of certain convertible notes payable under its debt arrangements. The restated financial information also includes adjustments to correct other immaterial errors, including errors that had previously been adjusted for as out of period corrections in the Affected Periods.

Internal Control Considerations

In the Original Filing in Controls and Procedures within Part I, Item 4, the Company previously identified and reported eight material weaknesses. In connection with this restatement, management has concluded that the errors identified in the Affected Periods were not prevented or detected as a result of certain of the eight material weaknesses that were previously identified and reported, including specifically that the Company did not design and maintain effective controls to address the identification of and accounting for certain non-routine, unusual or complex transactions, including the proper application of U.S. GAAP to such transactions.

For a more detailed discussion of the correction of these accounting errors, refer to Note 2, *Restatement*, included in Part I, Item 1, Notes to Condensed Consolidated Financial Statements, of this Form 10-Q/A. For more information about the related material weaknesses in internal control over financial reporting and the Company’s remedial actions, refer to Controls and Procedures in Part I, Item 4 of this Form 10-Q/A.

Amendment to Form 10-Q

In accordance with Rule 12b-15 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the following Items of the Original Filing have been amended and restated and the complete text of those is set out in this Form 10-Q/A:

- Part I, Item 1, Financial Statements (unaudited)
- Part I, Item 2, Management’s Discussion and Analysis of Financial Condition and Results of Operations
- Part I, Item 4, Controls and Procedures
- Part II, Item 1A, Risk Factors

Note that the only changes to the Original Filing are those related to the matters described herein and only in the Items listed above. Item 1A “Risk Factors” has been updated to reflect risks as of the date of this amended filing. Except as described above, no changes have been made to the Original Filing, and this Form 10-Q/A does not modify, amend or update any of the other financial information or other information contained in the Original Filing. In addition, in accordance with SEC rules, this Form 10-Q/A includes updated certifications from our Chief Executive Officer and Chief Financial Officer as Exhibits 31.1, 31.2 and 32. Otherwise, the information contained in this Form 10-Q/A is as of the date of the Original Filing and does not reflect any information or events occurring after the date of the Original Filing. Such subsequent information or events include, among others, the information and events described in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, which is being filed concurrently with this Form 10-Q/A, and the information and events described in our Current Reports on Form 8-K filed subsequent to the date of the Original Filing. For a description of such subsequent information and events, please read our reports filed pursuant to the Exchange Act subsequent to the date of the Original Filing, which update and supersede certain information contained in the Original Filing and this Form 10-Q/A.

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FARADAY FUTURE INTELLIGENT ELECTRIC INC.

Part I - Financial Information

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

	March 31, 2023 As Restated	December 31, 2022 As Restated
Assets		
Current assets		
Cash	$ 31,769	$ 16,968
Restricted cash	1,505	1,546
Deposits	55,405	44,066
Other current assets	14,717	21,946
Total current assets	103,396	84,526
Property and equipment, net	447,171	418,682
Operating lease right-of-use assets	18,911	19,588
Other non-current assets	6,458	6,492
Total assets	$ 575,936	$ 529,288
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 80,244	$ 91,603
Accrued expenses and other current liabilities	66,980	65,709
Related party accrued interest	—	—
Bridge Warrants	28,521	92,781
Accrued interest	25	189
Operating lease liabilities, current portion	2,609	2,538
Finance lease liabilities, current portion	1,390	1,364
Related party notes payable	9,201	8,964
Notes payable, current portion	5,159	5,097
Total current liabilities	194,129	268,245
Finance lease liabilities, less current portion	6,209	6,570
Operating lease liabilities, less current portion	17,398	18,044
Other liabilities	9,758	9,429
Notes payable, less current portion	92,665	26,008
Total liabilities	320,159	328,296
Commitments and contingencies (Note 12)		
Stockholders' equity		
Class A Common Stock, $0.0001 par value; 1,690,000,000 and 815,000,000 shares authorized; 838,872,039 and 563,346,216 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	84	56
Class B Common Stock, $0.0001 par value; 75,000,000 shares authorized; 64,000,588 shares issued and outstanding as of March 31, 2023 and December 31, 2022	6	6
Additional paid-in capital	3,924,465	3,724,180
Accumulated other comprehensive gain	2,950	3,505
Accumulated deficit	(3,671,728)	(3,526,755)
Total stockholders' equity	255,777	200,992
Total liabilities and stockholders' equity	$ 575,936	$ 529,288

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

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

	Three Months Ended March 31,	
	2023 As Restated	2022
Operating expenses		
Research and development	$ 57,808	$ 114,935
Sales and marketing	5,065	6,186
General and administrative	26,513	27,880
Loss on disposal of property and equipment	3,698	—
Change in fair value of earnout liability	2,764	—
Total operating expenses	95,848	149,001
Loss from operations	(95,848)	(149,001)
Change in fair value of notes payable and warrant liabilities	48,135	1,186
Loss on settlement of notes payable	(98,136)	—
Interest expense	(292)	(3,746)
Related party interest expense	—	(622)
Other income (expense), net	1,168	(915)
Loss before income taxes	(144,973)	(153,098)
Income tax provision	—	—
Net loss	$ (144,973)	$ (153,098)
Per share information (Note 15):		
Net loss per Common Stock – Class A and Class B – basic and diluted	$ (0.20)	$ (0.48)
Weighted average common shares outstanding – Class A and Class B – basic and diluted	721,566,030	322,211,392
Total comprehensive loss:		
Net loss	$ (144,973)	$ (153,098)
Change in foreign currency translation adjustment	(555)	(564)
Total comprehensive loss	$ (145,528)	$ (153,662)

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

Faraday Future Intelligent Electric Inc.
Condensed Consolidated Statements of Commitment to Issue Class A Common Stock and Stockholders' Equity
(*in thousands*, except share and per share data)
(Unaudited)

	Common Stock													
	Class A			Class B			Additional Paid-in Capital		Accumulated Other Comprehensive Gain (Loss)		Accumulated Deficit		Total Stockholders' Equity	
	Shares	Amount		Shares	Amount		As Restated				As Restated		As Restated	
Balance as of December 31, 2022 (as restated)	563,346,216	$	56	64,000,588	$	6	$	3,724,180	$	3,505	$	(3,526,755)	$	200,992
Conversion of notes payable and accrued interest into Class A Common Stock (Note 10) (as restated)	223,539,619		22	—		—		138,158		—		—		138,180
Change in classification of warrants from Additional paid-in capital to liability pursuant to the Warrant Exchange (Note 10)	—		—	—		—		(6,811)		—		—		(6,811)
Reclassification of earnout shares liability to equity as part of authorized share increase	—		—	—		—		5,014		—		—		5,014
Reclassification of liability for insufficient authorized shares related to stock options and RSUs (as restated)	—		—	—		—		8,978		—		—		8,978
Stock-based compensation (as restated)	—		—	—		—		3,631		—		—		3,631
Exercise of warrants (as restated)	51,128,708		5	—		—		51,271		—		—		51,276
Exercise of stock options	49,456		—	—		—		44		—		—		44
Issuance of shares for RSU vesting	808,040		1	—		—		—		—		—		1
Foreign Currency translation adjustment	—		—	—		—		—		(555)		—		(555)
Net loss (as restated)	—		—	—		—		—		—		(144,973)		(144,973)
Balance as of March 31, 2023 (as restated)	838,872,039	$	84	64,000,588	$	6	$	3,924,465	$	2,950	$	(3,671,728)	$	255,777

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

Faraday Future Intelligent Electric Inc.
Condensed Consolidated Statements of Commitment to Issue Class A Common Stock and Stockholders' Equity
(*in thousands*, except share and per share data)
(Unaudited)

	Commitment to Issue Class A Common Stock		Common Stock				Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
			Class A		Class B					
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2021	—	$ —	168,693,323	$ 17	—	$ —	$ 3,482,226	$ (6,945)	$ (2,907,644)	$ 567,654
Reclassification of obligation to issue registered shares of Class A Common Stock upon adoption of ASU 2020-06 (Note 10)	—	32,900	—	—	—	—	—	—	(20,265)	(20,265)
Reclassification of deferred gain upon adoption of ASC 842	—	—	—	—	—	—	—	—	3,393	3,393
Issuance of shares pursuant to the commitment to issue Class A and Class B Common Stock (Note 4)	—	—	68,742,020	7	64,000,588	6	(13)	—	—	—
Stock-based compensation	—	—	—	—	—	—	3,347	—	—	3,347
Exercise of stock options	—	—	761,675	—	—	—	1,855	—	—	1,855
Foreign currency translation adjustment	—	—	—	—	—	—	—	(564)	—	(564)
Net loss	—	—	—	—	—	—	—	—	(153,098)	(153,098)
Balance as of March 31, 2022	—	$ 32,900	238,197,018	$ 24	64,000,588	$ 6	$ 3,487,415	$ (7,509)	$ (3,077,614)	$ 402,322

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

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

	Three Months Ended March 31, 2023 As Restated	Three Months Ended March 31, 2022
Cash flows from operating activities		
Net loss	$ (144,973)	$ (153,098)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization expense	1,103	4,853
Stock-based compensation	8,633	3,347
Loss on disposal of property and equipment	3,698	—
Change in fair value measurement of related party notes payable and notes payable	(79,462)	(1,186)
Change in fair value measurement of warrant liability	31,327	—
Change in fair value measurement of earnout liability	2,764	—
Amortization of operating lease right-of-use assets and intangible assets	736	—
Loss on foreign exchange	653	894
Non-cash interest expense	34	2,319
Loss on settlement of notes payable	98,136	—
Other	661	108
Changes in operating assets and liabilities:		
Deposits	(12,108)	6,840
Other current and non-current assets	7,227	2,095
Accounts payable	(11,044)	5,747
Accrued expenses and other current liabilities	(9,626)	14,527
Operating lease liabilities	(542)	(882)
Accrued interest expense	(197)	(7,928)
Net cash used in operating activities	$ (102,980)	$ (122,364)
Cash flows from investing activities		
Payments for property and equipment	(16,873)	(44,398)
Net cash used in investing activities	$ (16,873)	$ (44,398)
Cash flows from financing activities		
Proceeds from notes payable, net of original issuance discount	131,800	—
Proceeds from exercise of warrants	4,079	—
Payments of notes payable	(6)	(87,065)
Settlement of notes payable transaction costs	(1,139)	—
Payments of finance lease obligations	(335)	(466)
Proceeds from exercise of stock options	44	1,855
Net cash (used in) provided by financing activities	$ 134,443	$ (85,676)
Effect of exchange rate changes on cash and restricted cash	170	(653)
Net (decrease) increase in cash and restricted cash	$ 14,760	$ (253,091)
Cash and restricted cash, beginning of period	18,514	530,477
Cash and restricted cash, end of period	33,274	277,386

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

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

	Three Months Ended March 31,	
	2023	**2022**
Cash	$ 31,769	$ 276,374
Restricted cash	1,505	1,012
Total cash and restricted cash, end of period	$ 33,274	$ 277,386
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 324	$ 10,040
Supplemental disclosure of noncash investing and financing activities		
Additions of property and equipment included in accounts payable and accrued expenses	$ 17,249	$ 1,881
Reclassification of liability for insufficient authorized shares related to stock options and RSUs	8,979	—
Reclassification of earnout shares liability to equity as part of authorized share increase	5,014	—
Conversion of notes payable and accrued interest into Class A Common Stock (as restated)	138,180	—
Issuance of SPA Notes pursuant to the Exchange Agreement (Note 10)	41,000	—
Issuance of SPA Warrants pursuant to the Exchange Agreement (Note 10)	26,455	—
Disposal of SPA Warrants and ATW NPA Warrants pursuant to the Exchange Agreement (Note 10)	77,577	—
Change in classification of warrants from Additional paid-in capital to liability pursuant to the Warrant Exchange (Note 10)	6,811	—
Recognition of operating right of use assets and lease liabilities upon adoption of ASC 842 and for new leases entered into in 2022	—	8,206

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

1. Nature of Business and Organization and Basis of Presentation

Nature of Business and Organization

Faraday Future Intelligent Electric Inc. (“Company” or “FF”), a holding company incorporated in the State of Delaware on February 11, 2020, conducts its operations through the subsidiaries of FF Intelligent Mobility Global Holdings Ltd. (“Legacy FF”), founded in 2014 and headquartered in Los Angeles, California. FF is a global shared intelligent electric mobility ecosystem company with a vision to reformat the automotive industry.

On July 21, 2021 (the “Closing Date”), the Company consummated a business combination pursuant to an Agreement and Plan of Merger dated January 27, 2021 (as amended, the “Merger Agreement”), by and among the Company, PSAC Merger Sub Ltd. (“Merger Sub”), an exempted company with limited liability incorporated under the laws of the Cayman Islands and wholly-owned subsidiary of Property Solutions Acquisition Corp. (“PSAC”), a Delaware corporation our predecessor company, and Legacy FF. Pursuant to the terms of the Merger Agreement, Merger Sub merged with and into Legacy FF, with Legacy FF surviving the merger as a wholly-owned subsidiary of the Company (the “Business Combination”). Upon the consummation of the Business Combination (the “Closing”), PSAC changed its name from “Property Solutions Acquisition Corp.” to “Faraday Future Intelligent Electric Inc.”

Concurrently with the execution of the Merger Agreement, the Company entered into separate Subscription Agreements with a number of investors (“PIPE Investors”) pursuant to which, on the Closing Date, the PIPE Investors purchased, and the Company issued, an aggregate of 76,140,000 shares of Class A Common Stock, for a purchase price of $10.00 per share with an aggregate purchase price of $761.4 million (“PIPE Financing”). Shares sold and issued in the PIPE Financing included registration rights. The closing of the Private Placement occurred immediately prior to the Closing Date.

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

Principles of Consolidation and Basis of Presentation

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

These unaudited Condensed Consolidated Financial Statements do not include all disclosures that are normally included in annual audited financial statements prepared in accordance with GAAP and should be read in conjunction with the Company’s audited Consolidated Financial Statements for the year ended December 31, 2022, included in the Company’s Form 10-K filed with Securities and Exchange Commission (“SEC”) on March 9, 2023 (“Form 10-K”). Accordingly, the Condensed Consolidated Balance Sheet as of December 31, 2022, has been derived from the Company’s annual audited Consolidated Financial Statements but does not contain all of the footnote disclosures from the annual financial statements.

In the opinion of the Company, the unaudited Condensed Consolidated Financial Statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position, its results of operations, and cash flows for the periods presented. The accounting policies used in the preparation of these unaudited Condensed Consolidated Financial Statements are the same as those disclosed in the audited Consolidated Financial Statements for the year ended December 31, 2022, included in the Form 10-K, except as described below.

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and accompanying notes to conform with the current presentation. Buildings and Leasehold improvements within Property and Equipment, Net were previously presented separately for the year ended December 31, 2022. Beginning 2023, the two lines were conformed to report these two balances together.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions, which affect the reported amounts in the financial statements.

Estimates are based on historical experience, where applicable, and other assumptions which management believes are reasonable under the circumstances. On an ongoing basis management evaluates its estimates, including those related to the: (i) realization of tax assets and estimates of tax liabilities; (ii) valuation of equity securities; (iii) recognition and disclosure of contingent liabilities, including litigation reserves; (iv) fair value of related party notes payable and notes payable; (v) fair value of options granted to employees and non-employees; (vi) fair value of warrants, and (vii) incremental borrowing rate used to measure operating lease liabilities. Such estimates often require the selection of appropriate valuation methodologies and financial models and may involve significant judgment in evaluating ranges of assumptions and financial inputs. Actual results may differ from those estimates under different assumptions, financial inputs, or circumstances.

Given the global economic climate, unpredictable nature and unknown duration of the COVID-19 pandemic, estimates are subject to additional volatility. As of the date the Company's unaudited Condensed Consolidated Financial Statements were issued, the Company is not aware of any specific event or circumstance that would require it to update its estimates or judgments or to revise the carrying value of its assets or liabilities. However, these estimates and judgments may change as new events occur and additional information is obtained. Actual results could differ from these estimates and any such differences may have a material impact on the Company's unaudited Condensed Consolidated Financial Statements.

Inventory and Inventory Valuation

Inventory is stated at the lower of cost or net realizable value ("LCNRV") and consists of raw materials, work-in-progress, and finished goods. The Company primarily computes cost using standard cost, which approximates cost on the first-in, first-out ("FIFO") basis. Net realizable value ("NRV") is the estimated selling price of inventory in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The Company assesses the valuation of inventory and periodically adjusts its value for estimated excess and obsolete inventory based upon expectations of future demand and market conditions, as well as damaged or otherwise impaired goods. As of March 31, 2023, substantially all of the Company's inventory balance is classified as raw materials. Inventory is included in Other current assets on the unaudited Condensed Consolidated Balance Sheet.

Stock-Based Compensation

Forfeiture rate - Effective January 1, 2023, stock-based compensation expense is reduced for forfeitures only when they occur. This change of accounting policy resulted in the recognition of a cumulative increase of prior stock-based compensation expenses totaling $1.8 million, which was recorded in the unaudited Condensed Consolidated Statement of Operations and Comprehensive Loss for the three months ended March 31, 2023.

Income Tax

There was no income tax provision impact on the unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2023 and 2022. The difference in the Company's effective tax rate from the federal statutory rate of 21% is due to the ratio of domestic and international loss before taxes. The Company records a full valuation allowance to reflect limited benefits for income taxes in jurisdictions that historically reported losses and a provision for income taxes in jurisdictions that are profitable. The income tax provision for each period was the combined calculated tax expenses/benefits for various jurisdictions.

The Company is subject to taxation and files income tax returns with the U.S. federal government, the state of California and China. The Company's income tax returns are open to examination by the relevant tax authorities until the expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. As of March 31, 2023, the Company is not under any tax audits on its income tax returns. All of the Company's prior year tax returns, from 2016 through 2021, are open under Chinese tax law.

The Company did not accrue any interest or penalties related to the Company's unrecognized tax benefits as of March 31, 2023 and 2022, as the uncertain tax benefits only reduced the net operating losses. The Company does not expect the uncertain tax benefits to have material impact on its unaudited Condensed Consolidated Financial Statements within the next twelve months.

Recent Accounting Pronouncements

Recently issued accounting pronouncements not yet adopted

In December 2022, the FASB issued ASU No. 2022-06, *Deferral of the Sunset Date of Reference Rate Reform (Topic 848)* (ASU 2022-06). ASU 2022-06 provides optional expedients and exceptions for applying GAAP to transactions affected by reference rate (e.g., LIBOR) reform if certain criteria are met, for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. ASU 2022-06 deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. ASU 2022-06 is effective as of December 21, 2022 through December 31, 2024. We continue to evaluate transactions or contract modifications occurring as a result of reference rate reform and determine whether to apply the optional guidance on an ongoing basis.

2. Restatement

On July 11, 2023, the Company announced that the Audit Committee of the Company's Board of Directors determined, based on the recommendation of management that the Company's previously issued financial statements included in the 2022 Form 10-K for the period ended December 31, 2022 and Quarterly Reports on Form 10-Q for the periods ended March 31, 2023 and September 30, 2022 (the "Affected Periods") should no longer be relied upon due to errors identified in the Affected Periods primarily due to an error stemming from a non-cash and non-operating item related to the change in the fair value upon conversion of the notes payable issued under the Company's debt arrangements. The Company has determined that it is appropriate to correct the misstatements in the Company's previously issued financial statements and related disclosures by amending the Original Filing, its Annual Report on Form 10-K for the year ended December 31, 2022, and its Quarterly Report on Form 10-Q for the period ended September 30, 2022.

In connection with remediating certain material weaknesses in the Company's internal control over financial reporting previously disclosed in the Original Filing, the Company identified the error in its accounting for the conversion of the notes payable issued under its debt arrangements. The Company previously elected to measure such notes payable at fair value, as they contain embedded liquidation premiums with conversion rights that represent embedded derivatives (see Note 10, *Notes Payable*). Between the third quarter of 2022 and the first quarter of 2023 the purchasers converted certain of the notes into the Company's Class A Common Stock. The Company historically erroneously applied debt conversion accounting guidance to the notes payable conversion transactions that is not applicable to debt accounted for under the Company's fair value accounting policy election, which resulted in such conversions being incorrectly accounted for with a credit to Class A Common Stock and Additional paid-in capital equity equal to the fair value of the notes payable on each conversion date and no conversion gain or loss being recognized in the Consolidated Statements of Operations and Comprehensive Loss. The Company should have accounted for such conversions by applying debt extinguishment accounting with a credit to Class A Common Stock and Additional paid-in capital equal to the fair value of the Class A Common Stock issued on each conversion date. Under debt extinguishment accounting the difference between the fair value of the Class A Common Stock issued and the fair value of the debt at each conversion date represents a gain or loss on extinguishment. Accordingly, the Company should have recognized an additional $95.1 million Loss on settlement of notes payable in the Consolidated Statement of Operations and Comprehensive Loss for the three months ended March 31, 2023 (and a corresponding $95.1 million increase in Additional paid-in capital as of March 31, 2023) because the fair value of the Class A Common Stock issued significantly exceeded the fair value of the notes payable converted on each of the various conversion dates during the first quarter of 2023.

During the course of correcting the aforementioned error, the Company identified an error in its accounting for the exercise of its liability-classified warrants that were previously issued in connection with the issuance of certain convertible notes payable under its debt arrangements. Upon exercise of the warrants the Company did not properly reclassify the fair value of the warrant liabilities on each conversion date to Additional paid-in capital. Rather, the Company incorrectly recognized the extinguishment of the warrant liabilities as a gain in the Change in fair value of warrant liabilities in the Statement of Operations and Comprehensive Loss. Accordingly, the Company should have recognized an increase in Additional paid-in capital of $47.2 million as of March 31, 2023 with a corresponding impact on the Change in the fair value of warrant liabilities for the period then ended.

The restated financial information also includes adjustments to correct other immaterial errors, including errors that had previously been adjusted for as out of period corrections in the Affected Periods the most significant of which is the Company's $11.6 million understatement of Deposits with vendors and Inventory as of December 31, 2022 due to improperly recognizing such amount as Research and development expense during the fourth quarter of 2022 and subsequently correcting such error as an out of period adjustment during the first quarter of 2023. The other immaterial errors impacting the Company's financial statements as of March 31, 2023 and for the three months then ended relate to Change in fair value of earnout liability, Change in fair value of notes payable and warrant liabilities, Interest expense, Related party interest expense, Stock-based compensation expense, Other income (expense), net, Property and equipment, Accounts payable, Related party accrued interest, Accrued interest, Related party notes payable, Additional paid-in capital, Accumulated deficit, and weighted average shares outstanding. The restatement adjustments were tax effected and any tax adjustments reflected in the Affected Periods relate entirely to the tax effect on the restatement adjustments.

In addition to the restatement of the financial statements, certain information within the following notes to the financial statements has been restated to reflect the corrections of misstatements discussed above as well as to add disclosure language as appropriate: *Note 5, Deposits and Other Current Assets; Note 6, Property and Equipment, Net; Note 8, Fair Value of Financial Instruments; Note 9, Related Party Notes Payable; Note 10, Notes Payable; Note 14, Stock-Based Compensation; and Note 15, Net Loss per Share.*

Presented below is a reconciliation from the previously reported to the restated amounts as of and for the three months ended March 31, 2023. The amounts labeled "As Previously Reported" were derived from the Original Filing. The impacts to the Condensed Consolidated Statement of Commitment to Issue Class A Common Stock and Stockholders' Equity (Deficit) for the three months ended March 31, 2023 as a result of the restatement were due to the changes in the Conversion of notes payable and accrued interest into Class A Common Stock, Stock-based compensation expense, and Net loss. In addition, there was no impact to net cash used in operating, investing or financing activities for the three months ended March 31, 2023 as a result of the restatement.

The following tables present the effect of correcting these accounting errors on the Company's previously issued financial statements (in thousands, except share and per share data):

Summary of Restatement - Condensed Consolidated Balance Sheet

	March 31, 2023		
	As Previously Reported	**Restatement Impacts**	**As Restated**
Assets			
Property and equipment, net	$ 446,524	$ 647	$ 447,171
Total assets	$ 575,289	$ 647	$ 575,936
Liabilities and stockholders' equity			
Current liabilities			
Accounts payable	$ 76,926	$ 3,318	$ 80,244
Related party accrued interest	140	(140)	—
Accrued interest	2,505	(2,480)	25
Related party notes payable	8,643	558	9,201
Total current liabilities	192,873	1,256	194,129
Total liabilities	318,903	1,256	320,159
Stockholders' equity			
Additional paid-in capital	3,723,446	201,019	3,924,465
Accumulated deficit	(3,470,098)	(201,630)	(3,671,728)
Total stockholders' equity	256,386	(609)	255,777
Total liabilities and stockholders' equity	$ 575,289	$ 647	$ 575,936

Condensed Consolidated Statement of Operations and Comprehensive Loss

	Three Months Ended March 31, 2023		
	As Previously Reported	**Restatement Impacts**	**As Restated**
Operating expenses			
Research and development	$ 46,160	$ 11,648	$ 57,808
Sales and marketing	5,585	(520)	5,065
General and administrative	27,584	(1,071)	26,513
Loss on disposal of property and equipment	3,698	—	3,698
Change in fair value of earnout liability	—	2,764	2,764
Total operating expenses	83,027	12,821	95,848
Loss from operations	(83,027)	(12,821)	(95,848)
Change in fair value of notes payable and warrant liabilities	94,917	(46,782)	48,135
Loss on settlement of notes payable	(3,021)	(95,115)	(98,136)
Interest expense	(4,651)	4,359	(292)
Related party interest expense	(140)	140	—
Other income (expense), net	2,409	(1,241)	1,168
Income (loss) before income taxes	6,487	(151,460)	(144,973)
Income tax provision	—	—	—
Net income (loss)	$ 6,487	$ (151,460)	$ (144,973)
Per share information (Note 15):			
Net income (loss) per share of Class A and B Common Stock attributable to common stockholders:			
Basic	$ 0.01	$ (0.21)	$ (0.20)
Diluted	(0.07)	(0.13)	(0.20)
Weighted average shares used in computing net income (loss) per share of Class A and B Common Stock:			
Basic	657,565,442	64,000,588	721,566,030
Diluted	988,638,662	(267,072,632)	721,566,030
Total comprehensive income (loss):			
Net income (loss)	$ 6,487	$ (151,460)	$ (144,973)
Change in foreign currency translation adjustment	(555)	—	(555)
Total comprehensive income (loss)	$ 5,932	$ (151,460)	$ (145,528)

Summary of Restatement - Condensed Consolidated Statement of Cash Flows

	Three Months Ended March 31, 2023		
	As Previously Reported	**Restatement Impacts**	**As Restated**
Cash flows from operating activities			
Net income (loss)	$ 6,487	$ (151,460)	$ (144,973)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization expense	1,103	—	1,103
Stock-based compensation	15,102	(6,469)	8,633
Loss on disposal of property and equipment	3,698	—	3,698
Change in fair value measurement of related party notes payable and notes payable	(79,462)	—	(79,462)
Change in fair value measurement of warrant liability	(18,219)	49,546	31,327
Change in fair value measurement of earnout liability	2,764	—	2,764
Amortization of operating lease right-of-use assets and intangible assets	736	—	736
Loss on foreign exchange	653	—	653
Non-cash interest expense	4,533	(4,499)	34
Loss on settlement of notes payable	3,021	95,115	98,136
Other	338	323	661
Changes in operating assets and liabilities:			
Deposits	(29,370)	17,262	(12,108)
Other current and non-current assets	6,368	859	7,227
Accounts payable	(10,367)	(677)	(11,044)
Accrued expenses and other current liabilities	(9,626)	—	(9,626)
Operating lease liabilities	(542)	—	(542)
Accrued interest expense	(197)	—	(197)
Net cash used in operating activities	$ (102,980)	$ —	$ (102,980)

	Three Months Ended March 31, 2023		
	As Previously Reported	**Restatement Impacts**	**As Restated**
Supplemental disclosure of noncash investing and financing activities			
Conversion of notes payable and accrued interest into Class A Common Stock	$ 46,296	$ 91,884	$ 138,180

3. Liquidity and Capital Resources

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

Since its formation, the Company has devoted substantial effort and capital resources to strategic planning, engineering, design, and development of its electric vehicle platform, development of initial electric vehicle models, and capital raising. Since inception, the Company has incurred cumulative losses from operations, negative cash flows from operating activities, and has an accumulated deficit of $3,671.7 million of March 31, 2023. The Company has funded its operations and capital needs primarily through the net proceeds received from capital contributions, the issuance of related party notes payable and notes payable (see Note 9, *Related Party Notes Payable* and Note 10, *Notes Payable*), the sale of Preferred and Common Stock (see Note 13, *Stockholders' Equity*), and the net proceeds received from the Business Combination and the PIPE Financing (see Note 1, *Nature of Business and Organization and Basis of Presentation*).

FF announced the start of production of its first electric vehicle, the FF 91 Futurist, on March 29, 2023. However, FF has not recognized any revenue as of the date hereof. FF's future business depends in large part on its ability to execute its plans to develop, manufacture, market, and deliver electric vehicles, including the FF 91, FF 81, FF 71 series, and SLMD electric vehicle models that appeal to customers. Based on certain management assumptions, including timely completion of certain testing and the suppliers meeting our supply chain requirement, FF originally expected deliveries of the FF 91 to users to begin before the end of April 2023. However, certain of FF's suppliers informed FF that they will be unable to meet FF's timing requirements and, therefore, FF has updated the timing for the start of deliveries for its FF 91 vehicle. Based on the revised delivery plan, FF expects the first phase of the three-phase delivery plan to begin at the end of May 2023, and the second phase of the three-phase delivery plan to begin at the end of the second quarter of 2023, followed by the third phase. The first phase is the "Industry Expert Futurist Product Officer (FPO) Co-Creation Delivery." In this first phase, the Industry Expert FPO(s) will pay in full for an FF 91 vehicle in order to reserve the vehicle and be trained in the use of the vehicle. The reserved FF 91 vehicle will be delivered to the FPO at the beginning of the second phase. The second phase is the "FPO Co-Creation Delivery." In this second phase, FPO(s) will take possession of the FF 91 vehicle. The third phase is the "Full Co-Creation Delivery." In this third phase, FF will deliver FF 91 vehicles to all spire users that pay in full for an FF 91 vehicle.

The successful beginning of the second phase is contingent on receiving parts on our required timeframes and completion of requisite tests. Further, FF expects to need substantial additional financing to start the third phase of the delivery plan and is in discussions with additional potential investors to obtain such financing. As FF executes the three-phase delivery plan, it plans to continue to move vehicles into production and off-the-line with high quality and high product power. There is no assurance FF will be able to timely receive sufficient funding under existing or new financing commitments to produce and deliver the FF 91 Futurist on that timeline or at all. If unable to receive sufficient funding, FF will be required to obtain new financing commitments, which may not be available to it under reasonable commercial terms. Further, there cannot be any assurance that FF will be able to secure additional funding, under reasonable commercial terms if at all, develop the manufacturing capabilities and processes, secure reliable sources of component supply to meet quality, engineering, design or production standards, or to meet the required production volumes to successfully grow into a viable, cash flow positive, business.

The Company has continued financing discussions with multiple parties, but has experienced delays in securing additional funding commitments, which have exacerbated the supply chain pressures on FF's business. Additionally, certain investors under the SPA may not fund their commitments until the Company increases the number of authorized shares of its Class A Common Stock and registers the securities underlying the SPA Warrants and SPA Notes in an effective registration statement. These factors, in addition to the continued rise in inflation and other challenging macroeconomic conditions, have led FF to take steps to preserve its current cash position, including reducing spending, extending payment cycles and implementing other similar measures. If FF's ongoing capital raising efforts are unsuccessful or significantly delayed, or if FF experience prolonged material adverse trends in its business, FF's production will be delayed or decreased, and actual use of cash, production volume and revenue for 2023 will vary from the Company's previously disclosed forecasts, and such variances may be material. While FF is actively engaged in negotiations with potential financing sources, there is no guarantee that it will be able to raise additional capital on terms acceptable to it or at all. In addition to the risk that FF's assumptions and analyses may prove incorrect, the projections may underestimate the professional fees and other costs to be incurred related to the pursuit of various financing options currently being considered and the ongoing legal risks. Incremental capital needs beyond 2023 to fund operations and the development of the Company's remaining product portfolio and to ramp up production will be highly dependent on the market success and profitability of the FF 91 and the Company's ability to accurately estimate and control costs. Apart from the FF 91 series, substantial additional capital will be required to fund operations, research, development, and design efforts for future vehicles.

As part of the SPA, as amended (as defined in Note 10, *Notes Payable*), the Company has obtained commitments from several investors totaling $267.0 million in new convertible note financing and in committed forced warrant exercise proceeds, subject to certain conditions. A total of $220.3 million under these commitments has been funded to date, through which the Company has received $193.3 million (net of original discount and transaction costs). The right to force exercise of the Warrant Reserve (defined in Note 10, *Notes Payable*) expired upon the holders exercising their warrants during 2023. In February 2023, Senyun and a purchaser affiliated with ATW Partners LLC exercised 20% of their respective options to purchase additional senior secured notes and SPA Warrants (defined in Note 10, *Notes Payable*) of the Company under the same terms as the

Incremental Notes (defined in Note 10, *Notes Payable*). The Company received aggregated gross proceeds of $38.0 million ($32.9 million net of original issuance discount and transaction costs) in exchange for such issuances.

On November 11, 2022, FF entered into a Standby Equity Purchase Agreement (the "SEPA") with YA II PN, Ltd. ("Yorkville"), which is an affiliate of Yorkville Advisors. Under terms of the SEPA, FF has the right, but not the obligation, to sell up to $200.0 million (which can be increased up to $350.0 million under FF's option) of Class A common stock ("Class A Common Stock") to an affiliate of Yorkville Advisors, subject to certain limitations, at the time of the Company's choosing during the three year term of the SEPA.

On May 8, 2023, the Company entered into a Securities Purchase Agreement (the "Unsecured SPA") with Metaverse Horizon Limited and V W Investment Holding Limited (the "Unsecured SPA Purchasers") to issue and sell, subject to the satisfaction of certain closing conditions, $100.0 million aggregate principal amount of the Company's senior unsecured convertible promissory notes. On May 10, 2023, the Company received gross proceeds pursuant to the Unsecured SPA totaling $3.3 million ($3.0 million net of original issuance cost). The Unsecured SPA Purchasers committed to fund in eight subsequent closings fifteen days apart, subject to the satisfaction of certain closing conditions. In addition, any Unsecured SPA Purchaser may postpone or cancel any closing pursuant to the Unsecured SPA in its reasonable discretion if it reasonably determines, based on public information, that the first phase of the Company's three-phase delivery plan as disclosed in public filings has not begun or will not begin prior to May 31, 2023 and/or the second phase of such delivery plan has not begun or will not begin prior to June 30, 2023, in each case within 15 calendar days of such deadline.

Despite the access to liquidity resulting from the SEPA and the unfunded commitments from the SPA, and the Unsecured SPA, the Company projects that it will require additional funds in order to continue operations and support the ramp-up of production of the FF 91 to generate revenues to put the Company on a path to cash flow break-even. Incremental capital needs beyond March 2023 to fund operations and the development of the Company's remaining product portfolio and to ramp up production will be highly dependent on the market success and profitability of the FF 91 and the Company's ability to accurately estimate and control costs.

The Company's ongoing liquidity needs will depend on the extent to which the Company's actual costs vary from the Company's estimates and the Company's ability to control these costs, as well as the Company's ability to raise additional funds. The Company is exploring various funding and financing alternatives to fund its ongoing operations and to ramp up production after start of production, including equipment leasing, construction financing of the Hanford, California manufacturing facility, secured syndicated debt financing, convertible notes, working capital loans, and equity offerings, among other options. The particular funding mechanisms, terms, timing, and amounts are dependent on the Company's assessment of opportunities available in the marketplace and the circumstances of the business at the relevant time.

The timely achievement of the Company's operating plan as well as its ability to maintain an adequate level of liquidity are subject to various risks associated with the Company's ability to continue to successfully close additional sources of funding, control and effectively manage its costs, as well as factors outside of the Company's control, including those related to global supply chain disruptions, the rising prices of materials and other potential impact of the COVID-19 pandemic. Refer to the section titled, *"Risk Factors"* in the Company's Form 10-K for a full discussion of the risks associated with the COVID-19 pandemic. The Company's forecasts and projections of working capital reflect significant judgment and estimates for which there are inherent risks and uncertainties.

The Company expects to continue to generate significant operating losses for the foreseeable future. The plans are dependent on the Company being able to continue to raise significant amounts of capital through the issuance of additional notes payable and equity securities.

There can be no assurance that the Company will be successful in achieving its strategic plans, that the Company's future funding raises will be sufficient to support its ongoing operations, or that any additional financing will be available in a timely manner or on acceptable terms, if at all. If events or circumstances occur such that the Company does not meet its strategic plans, the Company will be required to reduce discretionary spending, alter or scale back vehicle development programs, be unable to develop new or enhanced production methods, or be unable to fund capital expenditures. Any such events would have a material adverse effect on the Company's financial position, results of operations, cash flows, and ability to achieve its intended business objectives.

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

As of March 31, 2023, the Company was operating in compliance with all covenants related to debt agreements, however as of the date of issuance of the unaudited Condensed Consolidated Financial Statements the Company is in breach of its agreement with Chongqing Leshi Small Loan Co., Ltd., a related party, with a principal balance of $4.7 million. As of December 31, 2022, the Company was in default on the Bridge Notes. Subsequent to the date of the Consolidated Financial Statements, the holders of the Bridge Notes waived the default.

4. Variable Interest Entities and Joint Ventures

The The9 Arrangement

On March 24, 2019, the Company entered into a Joint Venture Agreement ("JVA") with The9 Limited ("The9"). Pursuant to the JVA, the Company and The9 agreed to establish an equity joint venture in Hong Kong, which would in turn establish a wholly-owned subsidiary in China, intended to engage in the business of manufacturing, marketing, selling and distributing the planned Faraday Future Icon V9 model electric vehicle in China. The Company and The9 would each be 50% owners of the joint venture. The9 made a $5.0 million non-refundable initial deposit ("The9 Conditional Obligation") to the Company to participate in the joint venture. The9 had the right to convert the initial deposit into various classes of stock in the Company. For accounting purposes, the deposit is a financial instrument that embodies a conditional obligation that the issuer may settle by issuing a variable number of shares. The9 Conditional Obligation was measured at fair value, was remeasured at each reporting period, and represented a Level 3 financial instrument under the fair value hierarchy (see Note 8, *Fair Value of Financial Instruments*). On November 22, 2020, the parties entered into an agreement to convert the initial deposit into 423,053 shares of Class A Common Stock of the Company, which were issued on February 23, 2021. Neither the Company nor The9 have made contributions to the joint venture as of March 31, 2023 and December 31, 2022, and it has yet to commence business activities.

The Geely Arrangement

In December 2020, the Company entered into a non-binding memorandum of understanding with Zhejiang Geely Holding Group Co., Ltd. ("Geely Holding"), which was also a subscriber in the PIPE Financing, pursuant to which the parties contemplate strategic cooperation in various areas including engineering, technology, supply chain, and contract manufacturing ("Geely JV").

In January 2021, the Company and Geely Holding entered into a cooperation framework agreement and a license agreement ("Geely License") that set forth the major commercial understanding of the proposed cooperation among the parties in the areas of potential investment into the Geely JV, engineering, technology, and contract manufacturing support. The foregoing framework agreement and the Geely License may be terminated if the parties fail to enter into the joint venture definitive agreement.

5. Deposits and Other Current Assets (As Restated)

Deposits and other current assets consist of the following (dollars in thousands):

Deposits:	March 31, 2023	December 31, 2022 (As Restated)
Deposits for research and development, prototype and production parts, and other (as restated)	$ 52,436	$ 40,879
Deposits for goods and services yet to be received (“Future Work”)	2,969	3,187
Total deposits	$ 55,405	$ 44,066
Other current assets:		
Prepaid expenses	$ 9,121	$ 14,437
Inventory (as restated)	4,049	4,457
Other current assets	1,547	3,052
Total other current assets	$ 14,717	$ 21,946

During the three months ended March 31, 2023, the Company made deposits for research and developments (“R&D”) services, prototype parts, and other with its vendors, which support the Company’s ongoing R&D efforts and operations. The Company expenses deposits as the services are provided and prototype parts are received. In addition, during the three months ended March 31, 2023, the Company made deposits for inventory and property and equipment items which are classified out of Deposits upon receipt of title.

In July 2022, the Company entered into an annual insurance policy for its directors and officers (“D&O Policy”), which required it to make a prepayment in the amount of $21,732, of which $5,433 was amortized to General and administrative expenses in the unaudited Condensed Consolidated Statement of Operations and Comprehensive Loss for three months ended March 31, 2023.

6. Property and Equipment, Net (As Restated)

Property and equipment, net, consists of the following (dollars in thousands):

	March 31, 2023 (As Restated)	December 31, 2022 (As Restated)
Buildings and leasehold improvements	$ 95,519	$ 19,778
Computer hardware	2,094	3,112
Tooling, machinery, and equipment	235,290	9,542
Vehicles	337	337
Computer software	4,125	4,212
Construction in process (as restated)	121,618	393,814
Less: Accumulated depreciation	(11,812)	(12,113)
Total property and equipment, net	$ 447,171	$ 418,682

Depreciation expense related to property and equipment totaled $1.1 million and $0.8 million for the three months ended March 31, 2023 and 2022, respectively.

FF announced the start of production of its first electric vehicle, the FF 91 Futurist, on March 29, 2023, at which point the Company classified a portion of its construction in process assets that are available for their intended use in the amount of $225.7 million and $75.7 million to Tooling, machinery and equipment and Buildings, respectively.

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (dollars in thousands):

	March 31, 2023	December 31, 2022
Accrued payroll and benefits	$ 25,481	$ 20,502
Accrued legal contingencies	16,000	18,940
Engineering, design and testing services received not invoiced	10,591	9,443
Deposits from customers	3,610	3,573
Other current liabilities	11,298	13,251
Total accrued expenses and other current liabilities	$ 66,980	$ 65,709

In connection with the Palantir platform hosting arrangement entered into during 2021, the Company has accrued $3.0 million and $2.5 million as of March 31, 2023 and December 31, 2022, respectively, in other current liabilities and recorded $4.9 million and $2.5 million as of March 31, 2023 and December 31, 2022, respectively, in accounts payable. During the three months ended March 31, 2023 and 2022, the company recognized expense of $2.0 million related to the Palantir hosting arrangement.

8. Fair Value of Financial Instruments (As Restated)

Fair Value Measurements

The Company applies the provisions of ASC 820, *Fair Value Measurement*, which defines a single authoritative definition of fair value, sets out a framework for measuring fair value and expands on required disclosures about fair value measurements. The provisions of ASC 820 relate to financial assets and liabilities as well as other assets and liabilities carried at fair value on a recurring and nonrecurring basis. The standard clarifies that fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the standard establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

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

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

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

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

The Company has elected to apply the fair value option to certain notes payable with conversion features as discussed in Note 10, *Notes Payable*. Fair value measurements associated with the warrant liabilities, and notes payable represent Level 3 valuations under the fair value hierarchy.

Notes Payable

The Company has elected to measure certain notes payable at fair value. Specifically, the Bridge Notes (as defined below), issued pursuant to the SPA (as defined below), as amended as they contain embedded liquidation premiums with conversion rights that represent embedded derivatives (see Note 10, *Notes Payable*). The Company used a binomial lattice model and Black Scholes methodology to value various convertible notes payable. The significant assumptions used in the models include the risk-free rate, annual dividend yield, expected life, and volatility of the Company's stock.

The fair value adjustments related to notes payables were recorded in Change in Fair Value Measurements on the unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss.

Bridge Warrants

The Company has elected to measure the Bridge Warrants at fair value. The Company used a Monte Carlo simulation model to measure the fair value of the warrants, where the significant assumptions used the volatility rate, the forecasted term of the Bridge Warrants and the projected stock price of the Company's Class A Common Stock over such term. Fair value measurements associated with the liability-classified warrants represent Level 3 valuations under the fair value hierarchy.

SEPA

On November 23, 2022, the Company issued 789,016 Commitment Shares in satisfaction of the commitment fee agreed upon in the SEPA. During the period ended March 31, 2023 and as of the date of issuing the Condensed Consolidated Financial Statements, the Company did not direct Yorkville to buy any shares of Class A Common Stock. The Company determined that SEPA represents a derivative financial instrument under ASC 815, Derivatives and Hedging, which should be recorded at fair value at inception and each reporting date thereafter. The financial instrument was classified as a derivative asset with a fair value of $0.0 million as of March 31, 2023 and December 31, 2022.

Commitment to Issue Class A Common Stock

Upon the closing of the Business Combination, the Company assumed an obligation of PSAC to deliver 2,387,500 registered shares of Class A Common Stock to an entity that provided consulting and advisory services in connection with the Business Combination to PSAC for no consideration.

Prior to the adoption of ASU 2020-06 on January 1, 2022, the agreement with the service provider specified that the shares to be delivered are required to be registered, which is considered to be outside of the control of the Company, and therefore this obligation failed to qualify for equity treatment under ASC 815-40-25-10, and net cash settlement was assumed.

On January 1, 2022, upon the adoption of ASU 2020-06, the requirement to consider whether settlement is required to be in registered shares is no longer required to be considered in an entity's evaluation of net cash settlement, however ASC 480-10-S99-3a was not amended in a similar fashion and therefore the Company, as part of the adjustments due to the adoption of ASU 2020-06, reclassified the Obligation to issue registered shares of Class A Common Stock from liabilities to the Commitment to issue Class A Common Stock within temporary equity.

On July 21, 2022, the Company amended its agreement with the service provider and delivered 2,387,500 unregistered shares of Class A Common Stock in satisfaction of its obligation. Upon its settlement, the carrying amount of the commitment equaled its initial carrying amount, therefore the Company classified the entire commitment to issue Class A Common Stock to APIC in the amount of $32.9 million.

The Company used the probability-weighted expected return method ("PWERM") to determine the fair value of the obligation to issue registered shares. The PWERM framework is a scenario-based methodology that estimates the fair value of the obligation based upon an analysis of future values of the settlement of the obligation to issue shares, assuming various outcomes. The probability weightings assigned to certain potential scenarios were based on management's assessment of the probability of settlement of the liability in cash or shares and an assessment of the timing of settlement. In the equity settlement scenario, the obligation valuation was based on the Company's share price as of each valuation date. In the cash settlement scenario, the obligation valuation was based the cash payment that equates to the share price times total shares to be issued, discounted to each valuation date.

Fair value measurements associated with the obligation to issue shares represent Level 3 valuations under the fair value hierarchy.

Private Warrants

The Private Warrants are classified as liabilities and the fair value is included in Other Liabilities, Less Current Portion on the Consolidated Balance Sheets. The Company valued the Private Warrants using a binomial lattice model. Inherent in a binomial lattice model are assumptions related to risk-free rate, annual dividend yield, expected warrant life, and volatility of the Company's stock. Changes in the fair value of the Private Warrants are recorded in Change in Fair Value Measurements in the Company's Consolidated Statements of Operations and Comprehensive Loss. Fair value measurements associated with the Private Warrants liabilities represent Level 3 valuations under the fair value hierarchy.

Transfer of Private Warrants to Unaffiliated Third Parties

Upon transfer of Private Warrants to unaffiliated third-party purchasers on the open market, the transferred warrants become subject to identical terms to the Public Warrants (see Note 13, *Stockholders' Equity*). Therefore, upon their transfer the Company classified the warrants to APIC at their fair value of $0.0 million and $0.6 million, as of March 31, 2023 and December 31, 2022.

Liability Classified Instruments

From time to time, certain of the Company's equity-linked financial instruments may be classified as derivative liabilities under ASC 815, *Derivatives and Hedging*, due to the Company having insufficient authorized shares to fully settle the equity-linked financial instruments in shares. See Note 13, *Stockholders' Equity*.

Recurring Fair Value Measurements

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

	March 31, 2023		
	Level 1	**Level 2**	**Level 3**
Liabilities:			
Notes payable	$ —	$ —	$ 92,665
Private warrants	—	—	52
Bridge warrants	—	—	28,521

	December 31, 2022 (As Restated)		
	Level 1	**Level 2**	**Level 3**
Liabilities:			
Notes payable	$ —	$ —	$ 26,008
Accrued expenses and other current liabilities	—	—	6,227
Private warrants	—	—	52
Bridge warrants (as restated)	—	—	92,781

The carrying amounts of the Company's financial assets and liabilities, including cash, restricted cash, deposits, and accounts payable approximate fair value because of their short-term nature or contractually defined value.

The following table summarizes the activity of Level 3 fair value measurements (dollars in thousands):

	Bridge Warrants (As Restated)	Notes Payable, Bridge	Private Warrants	Earnout Shares Liability	Liability for Insufficient Authorized Shares Related to Stock Options and RSUs
Balance as of December 31, 2022 (as restated)	$ 92,781	$ 26,008	$ 52	$ 2,250	$ 3,977
Additions	33,266	122,409	—	—	—
Net disposal pursuant to Warrant Exchange	(16,506)	—	—	—	—
Exercises of warrants	(47,202)	—	—	—	—
Change in fair value measurements	(33,818)	(16,031)	—	2,764	—
Extinguishment of Debt	—	3,021	—	—	—
Stock-based compensation expense	—	—	—	—	5,002
Conversions of liability to Common Stock	—	—	—	(5,014)	(8,979)
Conversions of notes to Common Stock	—	(42,742)	—	—	—
Balance as of March 31, 2023	$ 28,521	$ 92,665	$ 52	$ —	$ —

9. Related Party Notes Payable (As Restated)

The Company has been significantly funded by notes payable from related parties. These related parties include employees as well as affiliates of employees, affiliates, and other companies controlled or previously controlled by the Company's founder and Chief Product and User Ecosystem Officer.

Related party notes payable consists of the following as of March 31, 2023 (dollars in thousands):

Note Name	Contractual Maturity Date	Contractual Interest Rates	Net Carrying Value (As Restated)	Interest Expense for the Three Months Ended March 31, 2023 (As Restated)	Accrued Inte (As Restate
Related party notes - China (as restated)	December 31, 2023	12.0%	$ 5,273	$ —	$
Related party notes – China various other	Due on Demand	—%	3,928	—	
			$ 9,201	$ —	$

Related party notes payable consists of the following as of December 31, 2022 (dollars in thousands):

Note Name	Contractual Maturity Date	Contractual Interest Rates	Balance as of December 31, 2022 (As Restated)
Related party notes - China (as restated)	December 31, 2023	12.0%	$ 5,209
Related party notes – China various other	Due on Demand	—%	3,755
			$ 8,964

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

The estimated fair value of the Company's related party notes payable not carried at fair value using inputs from Level 3 under the fair value hierarchy is $9.1 million and $8.7 million as of March 31, 2023 and December 31, 2022, respectively.

Schedule of Principal Maturities of Related Party Notes Payable

The future scheduled principal maturities of related party notes payable as of March 31, 2023 were as follows (dollars in thousands):

Due on demand	$	3,
2023 (as restated)		5,
	$	9,

The future scheduled principal maturities of related party notes payable as of December 31, 2022 were as follows (dollars in thousands):

Due on demand	$	3,
2023 (as restated)		5,
	$	8,

FF Top Expense Reimbursements and Consulting Fees

On January 31, 2023, the Company entered into a supplemental agreement to the Preliminary Term Sheet (the "Term Sheet" and such supplemental agreement, the "Supplemental Agreement") with FF Top Holding LLC ("FF Top"), pursuant to which the parties agreed, due to the high amount of FF Top's out-of-pocket legal fees and expenses incurred in connection with its financing efforts, to amend the Term Sheet to increase the cap for legal fees and expenses from $0.3 million to $0.7 million. The Company agreed to pay the remaining $0.4 million of the fees owed to FF Top as follows: (i) $0.2 million within one business day of execution of the Supplemental Agreement, and (ii) $0.2 million within one business day of consummation of new financing by the Company in an amount not less than $5.0 million or an earlier date approved by the Board. Pursuant to the Term Sheet, as amended by the Supplemental Agreement, the Company paid FF Top $0.2 million on each of February 1, 2023, and on February 6, 2023. In addition, on April 8, 2023, the Company reimbursed FF Top for $0.1 million related to legal expenses incurred by FF Top in connection with Amendment No. 6 (as defined in Note 10, *Notes Payable*).

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

On March 6, 2023, the Company entered into a Consulting Service Agreement with FF Global Partners LLC ("FF Global"), according to which the Company agreed to pay a monthly consulting fee of $0.2 million to FF Global for the following services:

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

- Assistance in risk management strategy.
- Assistance in capability build up and operation strategy.

Either party may terminate this Agreement upon one month prior written notice to the other party. Upon any termination of this Agreement, the Company shall promptly pay Consultant any accrued but unpaid fees hereunder, and shall reimburse Consultant for any unreimbursed expenses that are reimbursable hereunder. In addition, FF Global is entitled for reimbursement for all reasonable and documented out-of-pocket travel, legal, and other out-of-pocket expenses incurred in connection with their services, which out-of-pocket expenses shall not exceed $0.1 million without the prior written consent of the Company. The Company paid $0.6 million to FF Global during the 2023 to date, pursuant to the Consulting Service Agreement.

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

The Company accrued a payable to LeTV within Accrued expenses and other current liabilities in the amount of $7.1 million and $7.0 million as of March 31, 2023 and December 31, 2022, respectively, in connection with advertising services provided to the Company in prior years. LeTV is a Shanghai Stock Exchange-listed public company founded and controlled by Mr. Yueting Jia, the Company’s founder and Chief Product and User Ecosystem Officer.

Warm Time Inc. (“Warm Time”) and Ocean View Drive Inc. (“Ocean View”) Transactions

The Company leased two real properties, located in Rancho Palos Verdes, California (the “Rancho Palos Verdes Properties”), from Warm Time from January 1, 2018 through March 31, 2022. Warm Time in turn leased the Rancho Palos Verdes Properties from Mr. Jia. The Rancho Palos Verdes Properties were used by the Company to provide long-term or temporary housing to employees of the Company (including Dr. Carsten Breitfeld, former Global CEO of the Company). According to the agreement between the parties, the Company paid Warm Time a monthly amount of $0.1 million for rent and certain services, including catering, room services and organization of meetings, external gatherings and events, for the Rancho Palos Verdes Properties. In each of the three months ended March 31, 2023 and 2022, the Company paid to Warm Time $0.1 million for rent and business development services rendered to the Company and its executives.

As part of its relationship with the Company, Warm Time also served as the conduit for certain loans from Ocean View Drive Inc., an entity formerly controlled by Mr. Yueting Jia and now wholly owned by the spouse of Ruokun Jia, who is the former Assistant Treasurer of the Company and Mr. Yueting Jia’s nephew. The loans principal was repaid to the Company in prior years and accrued interest on such loans is outstanding as of March 31, 2023 and December 31, 2022 in the amount of $0.2 million.

In prior years, the Company advanced funding to Ocean View for various real estate purchases, including the Rancho Palos Verdes Properties and related expenses. As of March 31, 2023 and December 31, 2022, the Company has a receivable in the amount of $0.9 million from Ocean View which is recorded Deposits in the unaudited Condensed Consolidated Balance Sheet and Consolidated Balance sheet, respectively.

On February 9, 2023, the Company made a payment of approximately $0.2 million on behalf of Ocean View, an indemnified co-defendant, in connection with a seizure of funds related to the outstanding judgment in ongoing litigation, also involving Han’s San Jose Hospitality, LLC. Ocean View fulfilled its payment obligation under the settlement arrangement of such litigation, but the Company did not make its payment on the outstanding judgment which caused such seizure of funds of Ocean View. See Note 12, *Commitments and Contingencies* for more information. Following such seizure, the Company paid the outstanding judgment and all accrued interest. The payment remitted on behalf of Ocean View was recorded in Deposits in the unaudited Condensed Consolidated Balance Sheet as of March 31, 2023, the Company received the return of such indemnification payment in April 2023.

10. Notes Payable (As Restated)

The Company has entered into notes payable agreements with third parties, which consists of the following as of March 31, 2023 and December 31, 2022 (dollars in thousands):

	March 31, 2023							
Note Name	**Contractual Maturity Date**	**Contractual Interest Rates**	**Unpaid Principal Balance**	**Fair Value Measurement Adjustments**	**Original issue discount and proceeds allocated to warrants**	**Net Carrying Value**	**Interest Expense for the Three Months Ended March 31, 2023 (As Restated)**	**Accrued Interest (As Restated)**
Bridge Notes (as restated) [(1)]	Various	10%-15%	$ 165,034	$ (37,937)	$ (34,432)	$ 92,665	$ —	$ —
Notes payable – China other	Due on Demand	—%	5,065	—	—	5,065	—	—
Auto loans	October 2026	7%	94	—	—	94	2	—
			$ 170,193	$ (37,937)	$ (34,432)	$ 97,824	$ 2	$ —

	December 31, 2022							
Note Name	**Contractual Maturity Date**	**Contractual Interest Rates**	**Unpaid Principal Balance**	**Fair Value Measurement Adjustments**	**Original issue discount and proceeds allocated to warrants**	**Net Carrying Value**	**Interest Expense for the Three Months Ended March 31, 2022 (As Restated)**	**Accrued Interest (As Restated)**
Bridge Notes (as restated)[(1)]	October 27, 2028	10%	$ 36,622	$ 264	$ (10,878)	$ 26,008	$ —	$ —
Notes payable – China other	Due on Demand	—%	4,997	—	—	4,997	—	—
Auto loans	October 2026	7%	100	—	—	100	—	—
			$ 41,719	$ 264	$ (10,878)	$ 31,105	$ —	$ —

(1) On August 14, 2022, the Company entered into a Securities Purchase Agreement (the "SPA") with certain entities affiliated with ATW Partners LLC and RAAJJ Trading LLC (and together with Senyun, as defined below, the "Purchasers") to issue and sell the Company's senior secured convertible notes (the "Bridge Notes") in three tranches aggregating to $52.0 million in principal (as increased on September 23, 2022 to $57.0 million, which increase was subsequently terminated upon the Initial Senyun Funding Date, as defined below) and maturing on August 14, 2026 (subsequently extended to October 27, 2028). The Bridge Notes are subject to an original issue discount of 10%, and are convertible, along with any interest accrued, into shares of Class A Common Stock at a conversion price equal to $2.69 (or $2.2865 for the initial tranche) ("Conversion Price"), subject to a full ratchet anti-dilution protection.

The Bridge Notes bear interest of 10% per annum payable quarterly and on each conversion and on the maturity date in cash or in shares of Class A Common Stock. Unless earlier paid, the Bridge Notes entitle the Purchasers, at each conversion date, to an interest make-whole ("Make-Whole Amount"), in a combination of cash or Class A Common Stock at the Company's discretion, in the amount of the interest that would have been payable if such converted amount was held to maturity based on an interest rate of 15% per annum. The conversion price of interest is the lesser of (a) the Conversion Price or (b) 90% of the lowest VWAP for the five consecutive trading days ("Interest Conversion Price"). When calculating the shares issuable upon conversion, the Make-Whole Amount shall be decreased by 50% of the original issue discount pertaining to such amount.

The Bridge Notes are secured by the grant of a second lien upon substantially all of the personal and real property of the Company and its subsidiaries, as well as guarantee by substantially all of the Company's domestic subsidiaries.

Total commitments under the SPA shall not exceed $300.0 million, however each Purchaser has the option within 12 months from November 12, 2022 (the "Form S-1 Effective Date") to purchase additional senior secured convertible notes under similar terms for a total potential commitments of up to $300.0 million ("Tranche B Notes").

The Company elected the fair value option afforded by ASC 825, *Financial Instruments*, with respect to the Bridge Notes because the notes include features, such as a contingently exercisable put option, which meets the definition of an embedded derivative. The Company expenses original issue discount and transaction costs to Changes in fair value measurements in the unaudited Condensed Consolidated Statement of Operations and Comprehensive Loss. The Company did not separately report interest expense attributable to the Bridge Notes accounted for pursuant to the fair value option in the Consolidated Statements of Operations and Comprehensive Loss because such interest was included in the determination of the fair value of the notes payable and changes thereto.

On September 23, 2022, the SPA was amended (the "SPA Amendment"), pursuant to which the Purchasers agreed to accelerate their funding obligations, with $7.5 million aggregate principal amount (the "Third Bridge Notes") being funded and issued on the same day, and the remaining $7.5 million aggregate principal amount (the "Fourth Bridge Notes") being funded and issued on October 10, 2022. The Third Bridge Notes and Fourth Bridge Notes are convertible into shares of Class A Common Stock at a conversion price of $1.05 per share, mature on October 27, 2028, and are otherwise subject to the same terms and conditions in the SPA as applicable to the Bridge Notes described therein.

Additionally, the SPA Amendment modified the conversion price of $25.0 million of principal of the Bridge Notes, which were funded on August 14, 2022, to $1.05 per share. The Company evaluated the SPA Amendment in accordance with ASC 470-50, *Debt*, and determined that it constitutes an extinguishment because the change in the conversion price is substantial. Accordingly, the Company recognized a loss in Loss on extinguishment or settlement of related party notes payable, notes payable and vendor payables in trust, net in the Consolidated Statements of Operations and Comprehensive, calculated as the cumulative change in fair value from initial recognition through to the date of amendment.

Third and Fourth Amendments to the SPA

On October 24, 2022, the Company entered into a Limited Consent and Third Amendment to the SPA (the "Third Amendment"), pursuant to which the maturity date for the Bridge Notes was extended from August 14, 2026 to October 27, 2028. In addition, pursuant to the Third Amendment, each Purchaser and the Agent waived certain defaults and events of default under the SPA, any notes issued pursuant to the SPA and other related documents. The amendment was accounted for as a troubled debt restructuring under ASC 470-60, *Debt – Troubled Debt Restructurings by Debtors*, because the Company was experiencing financial difficulty and the extension of the maturity date following the restructuring results in a reduced effective borrowing rate for the Company. The amendment was accounted for prospectively with no gain or loss recorded in the Consolidated Statements of Operations and Comprehensive Loss for the year ended December 31, 2022.

On November 8, 2022, the Company entered into a Limited Consent and Amendment to the SPA (the "Fourth Amendment"), pursuant to which the parties agreed that (i) in no event will the effective conversion price of any interest or interest make-whole amount payable in shares of Class A Common Stock in respect of Bridge Notes issued or issuable under the SPA be lower than $0.21 per share of Class A Common Stock, and (ii) in order for the Company to make payment of any interest or interest make-whole amount in shares of Class A Common Stock, certain price and volume requirements must be met, namely that (x) the VWAP of the Class A Common Stock is not less than $0.21 per share on any trading day during the preceding seven trading day period, and (y) the total volume of the Class A Common Stock does not drop below $1.5 million on any trading day during the same period (in each case, as adjusted for any stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions). The amendment was accounted for as a troubled debt restructuring under ASC 470-60, *Debt – Troubled Debt Restructurings by Debtors*, because the Company was experiencing financial difficulty and the addition of a floor price on the conversion of the convertible notes is assessed as a concession to the Company. The amendment was accounted for prospectively with no gain or loss recorded in the Consolidated Statements of Operations and Comprehensive Loss.

Senyun Amendment

On December 28, 2022, the Company entered into a Letter Agreement and Amendment to the SPA (the "Senyun Amendment") with Senyun International Ltd. ("Senyun") pursuant to which the conversion rate of notes totaling $19.0 million was lowered from $1.05 to $0.89 and future funding timeframes were renegotiated. As a result of the new conversion rate the Company was obligated for the year then ended to issue additional shares to Senyun based on the lower conversion rate. The Company accounted for this obligation by crediting Other current liabilities in the Consolidated Balance Sheet for $0.9 million, which represents the fair value of the additional shares owed to Senyun. In addition, the $0.9 million was recognized as a Loss on settlement of notes payable in the Consolidated Statement of Operations and Comprehensive Loss for the year ended December 31, 2022 as the underlying debt instruments were extinguished on the date the Senyun Amendment was entered into. During the three-months ended March 31, 2023 the Company remitted the shares to Senyun.

Sixth Amendment to the SPA

On February 3, 2023, the Company entered into Amendment No. 6 to SPA ("Amendment No. 6") in which the Company agreed to sell up to $135.0 million in aggregate principal amount of the Company's senior secured convertible notes (the "Tranche C Notes") with terms largely congruent to prior issuances and $1.05 base conversion price subject to full ratchet anti-dilution price protection. Each Purchaser has the option to purchase additional convertible senior secured notes and warrants on the same terms as the Tranche C Notes in an amount not to exceed 50% of the initial principal amount of the Tranche C Notes issued to such Purchaser pursuant to the terms of the SPA (the "Tranche D Notes").

Pursuant to Amendment No. 6, certain outstanding Tranche A Notes issued by the Company to Purchasers with an aggregate outstanding principal amount of $31.0 million were replaced by the same principal amount of new notes (each, a "Replacement Note") with a $0.89 base conversion price. In accordance with ASC 470-50, *Debt*, the change in conversion price qualifies as an extinguishment because the change in the conversion price was substantial. Accordingly, the Company recognized a Loss on settlement of notes payable in the unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2023 in the amount of $3.0 million, calculated as the difference between the reacquisition price and net carrying amount of the notes.

Pursuant to Amendment No. 6 the Company entered into an agreement with certain Purchasers ("an Exchange Agreement") holding a total of 198,129,990 NPA Warrants and SPA Warrants to exchange them for an aggregate 90,489,346 NPA Warrants and SPA Warrants and principal convertible notes totaling $41.0 million. The issued warrants have terms that limit down-round ratchet clauses to price adjustments only. The issued senior secured convertible notes (the "Exchange Notes") have terms largely congruent to existing SPA notes but have no original issuance discount and convert using a VWAP calculation as described in the Exchange Agreement. Pursuant to the Exchange Agreement, equity-classified warrants were exchanged for warrants which satisfy liability classification per ASC 480, *Distinguishing Liabilities from Equity*, and were reclassified from equity to Bridge Warrants in the unaudited Condensed Consolidated Balance Sheet in a total amount of $6.8 million. As a result of the transaction the Company did not recognize a gain or loss in the Consolidated Statements of Operations and Comprehensive Loss.

Seventh Amendment to the SPA

On March 23, 2023, the Company entered into an Amendment No. 7 to the SPA (the "Seventh Amendment") with Senyun and entities affiliated with ATW Partners LLC, pursuant to which the parties agreed to accelerate the funding timeline of Tranche C Notes in the amount of $40.0 million, and an entity affiliated with ATW Partners LLC agreed to purchase additional Tranche B Notes in the amount of $5.0 million, in each case, subject to meeting certain conditions, in exchange for an agreement to increase original issuance costs associated with such funding. As part of the agreement, original issuance discount related to $25.0 million in principal amount of Tranche C Notes and Tranche B notes was agreed to be 14% and 16%, respectively.

During the three months ended March 31, 2023, the Company received gross proceeds of $105.0 million and $34.0 ($92.6 million and $29.3 million net of original issuance costs) in exchange for the issuance of Tranche C Notes and Tranche B Notes, respectively. The Company also received gross proceeds of $10.0 million ($8.8 million net of original issuance costs) in exchange for the issuance of Tranche A Notes.

During the three months ended March 31, 2023, the Company issued to the Purchasers a total of 48,714,277 warrants ("Bridge Warrants" or "SPA Warrants"). Upon their issuance, the Bridge Warrants had an exercise price of $0.89 to $1.05 per share, subject to anti-dilution ratchet price protection, exercisable for seven years from the date of issuance (see Note 13, *Stockholders' Equity*). The Company may repurchase the Bridge Warrants for $0.01 per share if and to the extent the VWAP of the Company's Class A Common Stock during 20 out of 30 trading days prior to the repurchase is greater than $15.0 per share, subject to certain additional conditions. During the three months ended March 31, 2023, the Purchasers exercised 35,314,752 Bridge Warrants. As of March 31, 2023, there were 93,571,419 Bridge Warrants outstanding.

On March 31, 2023 the Company determined that the fair value of the Bridge Notes and Bridge Warrants was $92.7 million and $28.5 million, respectively, resulting in a gain in Change in fair value measurements in the unaudited Condensed Consolidated Statement of Operations and Comprehensive Loss for the three months ended March 31, 2023 in the amount of $79.5 million and $18.2 million respectively.

During the three months ended March 31, 2023, total Bridge Notes principal of $61.6 million with a fair value of $42.7 million was converted to Additional paid-in capital, resulting in a $95.1 million Loss on settlement of notes payable being recognized in the Condensed Consolidated Statement of Operations and Comprehensive Loss during the three months ended March 31, 2023. Total settlement of notes payable transaction costs for the three months ended March 31, 2023 totaled $1.1 million.

Fair Value of Notes Payable Not Carried at Fair Value

The estimated fair value of the Company’s notes payable not carried at fair value, using inputs from Level 3 under the fair value hierarchy, was $4.9 million as of March 31, 2023 and December 31, 2022.

Schedule of Principal Maturities of Notes Payable

The future scheduled principal maturities of notes payable as of March 31, 2023 are as follows (dollars in thousands):

Due on demand	$ 5,065
2023	—
2024	—
2025	41,000
2026	94
2027	—
Thereafter	124,034
	$ 170,193

11. Leases

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

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

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

Total lease costs for the three months ended March 31, 2023 and 2022 were (dollars in thousands):

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Finance lease cost		
Amortization of right-of-use assets	$ 91	$ 500
Interest on lease liabilities	96	177
Total finance lease cost	187	677
Operating lease cost	1,481	882
Variable lease cost	112	134
Total lease cost	$ 1,780	$ 1,693

The following table summarizes future lease payments as of March 31, 2023 (dollars in thousands):

Fiscal year	**Operating Leases**	**Finance Leases**
2023 (nine months)	$ 4,151	$ 1,292
2024	5,496	1,757
2025	5,257	1,792
2026	5,216	1,828
2027	2,896	1,864
Thereafter	9,284	—
Total	32,300	8,533
Less: Imputed Interest	12,293	934
Present value of net lease payments	20,007	7,599
Lease liability, current portion	$ 2,609	$ 1,390
Lease liability, net of current portion	17,398	6,209
Total lease liability	$ 20,007	$ 7,599

Supplemental information and non-cash activities related to operating and finance leases are as follows (dollars in thousands):

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 1,323	$ 833
Operating cash flows from finance leases	96	177
Financing cash flows from finance leases	335	466
	$ 1,754	$ 1,476
Lease liabilities arising from new right-of-use assets		
Operating leases	$ —	$ 8,206
Finance leases	$ —	$ —

	As of March 31, 2023	As of December 31, 2022
Weighted average remaining lease term (in years)		
Operating leases	6.2	6.4
Finance leases	4.8	5.0
Weighted average discount rate		
Operating leases	15.6 %	15.6 %
Finance leases	5.0 %	5.0 %

12. Commitments and Contingencies

Legal Proceedings

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

Class and Derivative Actions

On December 23, 2021, a putative class action lawsuit alleging violations of the Securities Exchange Act of 1934 was filed in the United States District Court, Central District of California, against the Company and its former Chief Executive Officer and Chief Financial Officer, its current Chief Product and User Ecosystem Officer, as well as the CFO of Legacy FF, three independent directors of PSAC, and the Co-CEOs of PSAC (the “Putative Class Action”).

On March 7, 2022, the following individuals were appointed as Lead Plaintiffs: Byambadorj Nomin, Hao Guojun, Peihao Wang and Shentao Ye. On the same date, Wolf Haldenstein and Pomerantz LLP were appointed as Co-Lead Counsel. Lead Plaintiffs filed an amended complaint on May 6, 2022.

On July 5, 2022, the Company and all other Defendants filed a joint motion to dismiss the amended complaint. In their opposition, Plaintiffs withdrew their claim under Section 11 of the 1933 Securities Act. After complete briefing and a hearing on the motion, on October 20, 2022, the District Court issued its decision, denying in part and granting in part the Defendant’s motion to dismiss. The court found, among other things, that Plaintiffs had sufficiently pled a claim for violation of Sections 10(b), 14(a) and 20(a) of the Securities Exchange Act of 1934 with respect to certain statements made in 2021 concerning Legacy FF’s receipt of 14,000 reservations for the FF 91 vehicle. The District Court also found, however, that Plaintiffs had failed to sufficiently plead a claim with respect to forward-looking statements made concerning the expected schedule for the production and delivery of the FF 91 vehicle. The District Court’s dismissal was without prejudice and leave to amend the complaint was granted. Defendants filed a motion for reconsideration of court’s ruling sustaining the claim under Section 14(a) of the 1933 Securities Act, which was denied on December 12, 2022.

On January 6, 2023, the plaintiffs declined to again amend their complaint to attempt to reallege the claims dismissed by the District Court. As a result, the amended complaint filed on May 6, 2022 is the operative complaint with the exception of the voluntarily withdrawn and judicially dismissed claims, which include all claims against the Company’s former Chief Financial Officer and the three independent PSAC directors. The Company and other Defendants filed answers on February 10, 2023. The Company has asserted that the suit is without merit and stated its intention to vigorously defend the suit. Given the early stages of the legal proceedings, it is not possible to predict the outcome of the claims.

On March 8 and March 21, 2022, respectively, two putative derivative lawsuits alleging violations of the Securities Exchange Act of 1934 and various common law claims were filed in the United States District Court, Central District of California, and were subsequently consolidated. On May 24, 2022 those consolidated derivative actions were stayed pending resolution of certain proceedings in the Putative Class Action. The stay was continued on December 15, 2022, and the cases currently remain active. Additionally, on April 11 and 25, 2022, respectively, two putative derivative lawsuits alleging violations of the Securities Exchange Act of 1934 and various common law claims were filed in the United States District Court, District of Delaware. Those actions were stayed pending resolution of certain proceedings in the Putative Class Action and currently remain stayed. These lawsuits purport to assert claims on behalf of the Company against various current and former officers and directors of the Company and Legacy FF.

On June 14, 2022, a verified stockholder class action complaint was filed in the Court of Chancery of the State of Delaware against, among others, the Company, its former Global CEO and CFO, and its current Chief Product and User Ecosystem Officer alleging breaches of fiduciary duties (the "Yun Class Action,"). On September 21, 2022, another verified stockholder class action complaint was filed in the Court of Chancery of the State of Delaware against, among others, FFIE, the Co-CEOs and independent directors of PSAC, and certain third-party advisors to PSAC, alleging breaches of contract and fiduciary duties, and aiding and abetting alleged breaches of fiduciary duties, in connection with disclosures and stockholder voting leading up to the Business Combination (the "Cleveland Class Action"). The Yun and Cleveland Class Action were subsequently consolidated action (the "Consolidated Delaware Class Action"). On April 4, 2023, Defendants filed opening briefs in support of their respective motions to dismiss the complaint. Given the early stages of the legal proceedings, it is not possible to predict the outcome of the claims.

On September 19, 2022, a verified complaint was filed in the Court of Chancery of the State of Delaware against FFIE seeking to compel an annual general meeting of stockholders. The action was dismissed without prejudice on January 10, 2023.

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

Governance Matters

Following the completion of the Special Committee investigation, the Company and certain of its directors and officers received numerous e-mail communications from a group of self-described "employee whistleblowers" and from various individuals and entities who represented themselves as current investors of the Company. These communications have included various allegations (including, for example, that certain directors have conspired to push the Company into bankruptcy for their own personal gain) and requests for certain organizational and governance changes. The Company engaged an independent law firm to conduct a thorough independent external investigation with respect to these allegations. The independent investigation found that all such allegations have been without merit. In September 2022, certain members of the Board received threats of physical violence and death threats, which the Company has referred to appropriate law enforcement authorities, including state and local police, the Federal Bureau of Investigation, the SEC, the DOJ and relevant international authorities.

Other Legal Matters

As of March 31, 2023 and December 31, 2022, the Company had accrued legal contingencies of $16.0 million and $18.9 million, respectively, recorded within Accrued expenses and other current liabilities for potential financial exposure related to ongoing legal matters, primarily related to breach of contracts and employment matters, which are deemed both probable of loss and reasonably estimable. For the legal matters involving third-party vendors, such as suppliers and equipment manufacturers, the Company recorded an accrual in Accounts payable in the Consolidated Balance Sheets based on the amount invoiced by such vendors, which represents the minimum amount of loss out of the range of potential outcomes in accordance with ASC 450-20-30-1.

During the year ended December 31, 2022, the Company settled a legal dispute for breach of lease under which the Company was named a co-defendant, in a civil action case filed in the Superior Court of the State of California for the County of Santa Clara by Han's San Jose Hospitality, LLC, which was seeking damages including unpaid rent, future unpaid rent, unpaid expenses, and unpaid taxes related to the lease for a total of $6.4 million. Pursuant to the settlement agreement, the Company agreed to pay $1.8 million in cash in January 2022 and an additional $3.4 million plus 5% interest in October 2022 and was liable for the remainder of the settlement, in the amount of $1.2 million, in the event the co-defendants failed to make the payment in January 2022. In January 2022, the Company made the initial settlement payment of $1.8 million and was relieved of the liability of $1.2 million. The Company failed to make the $3.4 million and interest payments in October 2022. On October 26, 2022, the plaintiff filed a motion to enforce the settlement agreement in the Superior Court of the State of California for the County of Santa Clara, seeking no material additional damages. On December 22, 2022, the court granted the plaintiff's motion to enforce the settlement. As of December 31, 2022, the balance of $3.4 million was included in Accrued expense and other current liabilities on the Consolidated Balance Sheet. On January 3, 2023, the plaintiff served the parties notice of entry of the order. On January 19, 2023, the court issued judgment in the amount of approximately $3.5 million and a writ of execution. On February 9, 2023, the Company paid $3.6 million consisting of payment in full for the outstanding judgment and accrued interest. Additionally, the Company made a payment of approximately $0.2 million on behalf of an indemnified co-defendant in connection with money seized from such indemnified co-defendant's bank account. Such indemnification payment was returned to the Company in April 2023.

On January 30, 2023, Riverside Management Group, LLC ("Riverside") filed a verified complaint seeking to enforce its alleged contractual right to the advancement of costs and expenses, including attorneys' fees, it has and will incur as a named defendant in the Consolidated Delaware Class Action under its October 13, 2020 Transaction Services Agreement with the PSAC Sponsor, LLC, pursuant to which Riverside provided advisory services in connection with the PSAC/Legacy FF merger. The Company entered into a Stipulation and Order with Riverside under which it agreed to conditionally advance Riverside the reasonable attorneys' fees and costs it incurs in defense of the Consolidated Delaware Action, subject to, and in express reservation of, the Company's right to recover all such fees and expenses following disposition of the Consolidated Delaware Class Action. Given the early stages of the legal proceedings, the Company is unable to evaluate the likelihood of an unfavorable outcome and/or the amount or range of potential loss.

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

Special Committee Investigation

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

In connection with the Business Combination, statements made by certain Company employees to certain investors describing the role of Mr. Yueting Jia, the Company's founder and former CEO, within the Company were inaccurate and his involvement in the management of the Company post-Business Combination was more significant than what had been represented to certain investors.

- The Company's statements leading up to the Business Combination that it had received more than 14,000 reservations for the FF 91 vehicle were potentially misleading because only several hundred of those reservations were paid, while the others (totaling 14,000) were unpaid indications of interest.
- Consistent with FFIE's previous public disclosures regarding identified material weaknesses in its internal control over financial reporting, the Company's internal control over financial reporting requires an upgrade in personnel and systems.

- The Company's corporate culture failed to sufficiently prioritize compliance.
- Mr. Jia's role as an intermediary in leasing certain properties which were subsequently leased to the Company was not disclosed in FFIE's corporate housing disclosures.
- In preparing FFIE's related party transaction disclosures, the Company failed to investigate and identify the sources of loans received from individuals and entities associated with Company employees.

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

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

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

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

- the appointment of Susan Swenson, a former member of the Board, to the then newly created position of Executive Chairperson of FF.
- Dr. Carsten Breitfeld, FF's former Global CEO, reporting directly to Ms. Swenson and receiving a 25% annual base salary reduction;
- the removal of Mr. Jia as an executive officer, although continuing in his position as Chief Product & User Ecosystem Officer of FFIE. Certain dual-reporting arrangements were eliminated with respect to Mr. Jia, and he is required to report directly to Ms. Swenson, a non-independent director nominated by FF Top. Mr. Jia also received a 25% annual base salary reduction, and his role was limited from a policy-making position to focusing on (a) Product and Mobility Ecosystem and (b) Internet, Artificial Intelligence, and Advanced R&D technology. On February 26, 2023, after an assessment by the Board of the Company's management structure, the Board approved Mr. Yueting Jia (alongside Mr. Xuefeng Chen) reporting directly to the Board, as well as FF's product, mobility ecosystem, I.A.I., and advanced R&D technology departments reporting directly to Mr. Jia. The Board also approved FF's user ecosystem, capital markets, human resources and administration, corporate strategy and China departments reporting to both Mr. Jia and Mr. Xuefeng processes and controls to be determined by the Board after consultation with the Company's management. The Company's remaining departments continue to report to Mr. Xuefeng. On February 26, 2023, after an assessment by the Board of the Company's management structure, the Board the Board approved Mr. Yueting Jia (alongside Mr. Xuefeng Chen) reporting directly to the Board, as well as FF's product, mobility ecosystem, I.A.I., and advanced R&D technology departments reporting directly to Mr. Jia. The Board also approved FF's user ecosystem, capital markets, human resources and administration, corporate strategy and China departments reporting to both Mr. Jia and Mr. Xuefeng Chen, subject to processes and controls to be determined by the Board after consultation with the Company's management. The Company's remaining departments continue to report to Mr. Xuefeng Chen. Based on the changes to his responsibilities within the Company, the Board determined that Mr. Jia is an "officer" of the Company within the meaning of Section 16 of the Exchange Act and an "executive officer" of the Company under Rule 3b-7 under the Exchange Act;

- Matthias Aydt, then Senior Vice President, Business Development and Product Definition and a director of FFIE, and currently Senior Vice President, Product Execution and a director of FFIE, being placed on probation as an executive officer for a six-month period, during which period he remained a non-independent member of the Board, which probationary period has since ended;

- the appointment of Jordan Vogel as Lead Independent Director; certain changes to the composition of Board committees, including Brian Krolicki stepping down from his role as Chairman of the Board and Chair of the Nominating and Corporate Governance Committee and becoming a member of the Audit and Compensation Committees of the Board; Jordan Vogel stepping down from the Nominating and Corporate Governance Committee; and Scott Vogel becoming the Chair of the Audit Committee and the Nominating and Corporate Governance Committee of the Board;

- the suspension without pay of Jiawei ("Jerry") Wang, FFIE's former Vice President, Global Capital Markets, who subsequently notified the Board of his decision to resign from FF on April 10, 2022;

- the assessment and enhancement of FF's policies and procedures regarding financial accounting and reporting and the upgrading of FF's internal control over financial accounting and reporting, including by hiring additional financial reporting and accounting support, in each case at the direction of the Audit Committee;

  - the implementation of enhanced controls around FF's contracting and related party transactions, including regular attestations by FF's employees with authority to bind FF to contracts and related party transactions, for purposes of enabling FF to make complete and accurate disclosures regarding related party transactions;

- the hiring of a chief Compliance Officer, who reports on a dotted line to the Chair of the Audit Committee, and assessing and enhancing FF's compliance policies and procedures. The Company hired a Compliance Officer with the title of Deputy General Counsel in March 2023, who will report on a dotted line to the Chair of the Audit committee, and is looking to hire a Director of Risks and Internal Controls;

- the implementation of a comprehensive training program for all directors and officers regarding, among other things, internal FF policies;

- the separation of Jarret Johnson, FF's Vice President, General Counsel and Secretary; and

- certain other disciplinary actions and terminations of employment with respect to other FF employees (none of whom is an executive officer).

As of the date of this Report, FF is continuing to implement certain of the remedial actions approved by the Board. However, certain of these remedial actions are no longer in effect and no assurance can be provided that those remedial measures that continue to be implemented will be implemented in a timely manner or at all, or will be successful to prevent inaccurate disclosures in the future.

However, pursuant to the Heads of Agreement, FF has implemented certain governance changes that impact certain of the above-discussed remedial actions, including significant changes in the composition of the Board and a change in Board leadership.

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

The Palantir License

In July 2021, the Company and Palantir entered into a master agreement that sets forth the terms of the Palantir's platform hosting arrangement which is expected to be used as a central operating system for data and analytics. Palantir invested $25.0 million in the Company through the PIPE Financing and became a stockholder of the Company. Under the platform hosting agreement, the Company committed to pay a total of $47.0 million of hosting fees over a six-year term, $5.3 million of which was paid during the year ended December 31, 2021. No payments were made during the three months ended March 31, 2023 and in 2022. The software is cloud hosted for the entirety of the subscription term and the Company cannot take possession of the software. Accordingly, the Company determined that the subscription agreement represents a hosting arrangement that is a service contract. The Company recognize hosting costs on a straight-line basis over the agreement term.

Unconditional Contractual Obligations

An unconditional contractual obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding (non-cancelable, or cancelable only in certain circumstances). As of March 31, 2023, we estimate FFIE's total unconditional contractual commitments, including purchases of inventory, tooling, machinery and equipment as well as items to be used in research and development activities; lease minimum payments and other contractual commitments, totaling $422.2 million, which included $279.8 million for the year ended December 31, 2023, $74.8 million for the two years ended December 31, 2025, $21.7 million for the two years ended December 31, 2027 and $45.9 million thereafter.

The $279.8 million unconditional contractual obligations for the year ended December 31, 2023 included $245.7 million of open purchase orders. Although open purchase orders are generally considered enforceable and legally binding, some of the Company's purchase orders gives it the option to cancel, reschedule and/or adjust its requirements based on its business needs prior to the delivery of goods or performance of services and to inspect and reject products, for example, if they do not comply with its specifications. Obligations to purchase inventory and other commitments are generally expected to be fulfilled within one year.

13. Stockholders' Equity

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

	March 31, 2023	
	Authorized Shares	Issued and Outstanding Shares
Class A Common Stock	1,690,000,000	838,872,039
Class B Common Stock	75,000,000	64,000,588
Preferred Stock	10,000,000	—
	1,775,000,000	902,872,627

	December 31, 2022	
	Authorized Shares	Issued and Outstanding Shares
Class A Common Stock	815,000,000	563,346,216
Class B Common Stock	75,000,000	64,000,588
Preferred Stock	10,000,000	—
	890,000,000	627,346,804

Amendments to the Company's Certificate of Incorporation

On the Closing Date of the Business Combination, the Company's stockholders adopted the Company's Second Amended and Restated Certificate of Incorporation. The amendment set forth the rights, privileges, and preferences of the

Company's Class A Common Stock and Class B Common Stock (collectively "Common Stock"). The amendment authorizes the issuance of 10,000,000 shares of Preferred Stock with such designations, rights and preferences as may be determined from time to time by the Company's Board of Directors. The Company's Board of Directors are empowered, without stockholder approval, to issue the Preferred Stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of Common Stock; provided that any issuance of Preferred Stock with more than one vote per share will require the prior approval of the holders of a majority of the outstanding shares of Class B Common Stock.

At a special meeting of the Company's stockholders held on November 3, 2022, stockholders approved, among other things, an increase to the number of the Company's authorized shares from 825,000,000 to 900,000,000. On November 22, 2022, the Company filed an amendment to its Second Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to effect the increase.

A special meeting of the Company's stockholders held on February 28, 2023, the Company's stockholders approved a further increase to the number of the Company's authorized shares of Class A Common Stock from 815,000,000 to 1,690,000,000, increasing the Company's total number of authorized shares of Common Stock and preferred stock from 900,000,000 to 1,775,000,000. On March 1, 2023, the Company filed an amendment to its Second Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to reflect such amendment.

Warrants

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

	Number of Warrants	Exercise Price	Expiration Date
SPA Warrants	93,571,419	$0.23 to $5.00	Various through September 23, 2029
Other warrants	29,454,593	$0.23	August 5, 2027
Public Warrants	23,540,988	$11.50	July 21, 2026
Private Warrants	111,131	$11.50	July 21, 2026
Total	146,678,131		

The number of outstanding warrants to purchase the Company's Class A Common Stock as of December 31, 2022 were as follows:

	Number of Warrants	Exercise Price	Expiration Date
SPA Warrants	346,453,115	$0.23	Various through September 23, 2029
ATW NPA Warrants(1)	76,804,450	$0.23	Various through August 10, 2028
Other warrants	29,454,593	$0.23	August 5, 2027
Public Warrants(2)	23,540,988	$11.50	July 21, 2026
Private Warrants(3)	111,131	$11.50	July 21, 2026
Total	476,364,277		

(1) The ATW NPA Warrants were fully exercised during the three months ended March 31, 2023, through which the Company received aggregated proceeds of $0.3 million which was recorded as an increase to Additional paid-in capital.

(2) During 2022, PSAC Sponsor transferred 563,420 Private Warrants to unaffiliated third-party purchasers on the open market. Upon such transfer the transferred warrants became subject to identical terms to the Public Warrants underlying the units offered in the initial public offering of PSAC. Therefore, upon their transfer the Company classified the warrants to APIC at their fair value.

(3) The Private Warrants are recorded in Other liabilities, less current portion in the Consolidated Balance Sheets as of December 31, 2022.

Insufficient Authorized Shares

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

As of December 31, 2022, the Company reclassified the earnout shares from equity classification to liability classification as a result of the Company having insufficient authorized shares to share-settle the earnout, which was previously determined to be equity classified under ASC 815-40. As a result of the reclassification, the Company reclassified $2.2 million out of Additional paid-in capital into the Earnout liability, which is included in Other current liabilities on the Consolidated Balance Sheet as of December 31, 2022.

As of December 31, 2022, the Company reclassified 53,820,670 shares of outstanding share-based payment arrangements from equity classification to liability classification as a result of the Company having insufficient authorized shares to settle the share-based payment arrangements when the awards vest or is exercised. As a result of the reclassification, the Company reclassified an amount of $4.0 million out of Additional paid-in capital into Share-based payment liability, which is included in Other current liabilities on the Consolidated Balance Sheet as of December 31, 2022.

On February 28, 2023, upon shareholder approval to increase the Company's authorized shares, the Company had sufficient authorized shares to fully settle all outstanding equity-linked financial instruments. Accordingly, the Company reclassified the fair value of the Earnout liability of $5.0 million and the fair value of the Share-based payment liability of $9.0 million into Additional paid-in capital.

The $2.8 million increase in the Earnout liability from December 31, 2022 to February 28, 2023 was recognized as an expense in the Change in fair value of earnout liability during the three months ended March 31, 2023. The $5.0 million increase in the Share-based payment liability from December 31, 2022 to February 28, 2023 was recognized as stock-based compensation expense during the three months ended March 31, 2023.

14. Stock-Based Compensation

2021 SI Plan

In July 2021, the Company adopted the 2021 Stock Incentive Plan ("2021 SI Plan"). The 2021 SI Plan allowed the Board of Directors to grant up to 49,573,570 incentive and nonqualified stock options, restricted shares, unrestricted shares, restricted share units, and other stock-based awards for the Company's Class A Common Stock to employees, directors, and non-employees. The number of shares of Class A Common Stock available under the 2021 SI Plan will increase annually on the first day of each calendar year, beginning with the calendar year ending December 31, 2022, and continuing until (and including) the calendar year ending December 31, 2031. Annual increases are equal to the lesser of (i) 5 percent of the number of shares of Class A Common Stock issued and outstanding on December 31 of the immediately preceding fiscal year and (ii) an amount determined by the Board of Directors. As of the date of issuance of the unaudited Condensed Consolidated Financial Statements, the Board of Directors is evaluating the timing and extent of such increases. As of the effective date of the 2021 SI Plan, no further stock awards have been or will be granted under the EI Plan or STI Plan (defined below).

As of March 31, 2023 and December 31, 2022, the Company had 19,987,642 and 24,252,537 shares of Class A Common Stock available for future issuance under its 2021 SI Plan.

EI Plan

On February 1, 2018, the Board of Directors adopted the Equity Incentive Plan ("EI Plan"), under which the Board of Directors authorized the grant of up to 42,390,000 incentive and nonqualified stock options, restricted stock, unrestricted stock, restricted stock units, and other stock-based awards for Legacy FF's Class A Ordinary Stock to employees, directors and non-employees.

STI Plan

Pursuant to the Special Talent Incentive Plan ("STI Plan"), the Board of Directors may grant up to 14,130,000 incentive and nonqualified stock options, restricted shares, unrestricted shares, restricted share units, and other stock-based awards for Legacy FF's Class A Ordinary Stock to employees, directors, and non-employees.

The STI Plan does not specify a limit on the number of stock options that can be issued under the plan. Per the terms of the STI Plan, the Company must reserve and keep available a sufficient number of shares to satisfy the requirements of the STI Plan.

A summary of the Company's stock option activity is as follows (dollars in thousands except weighted average exercise price):

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2022	35,687,240	$ 3.37	7.3	$ 22
Granted	3,000,000	1.08		
Exercised	(49,456)	0.89		$ 10
Cancelled/forfeited	(2,455,912)	3.37		
Outstanding as of March 31, 2023	36,181,872	$ 3.15	7.5	$ 31

The weighted-average assumptions used in the Black-Scholes option pricing model are as follows:

	Three Months Ended March 31,	
	2023	**2022**
Risk-free interest rate:	3.5 %	1.6 %
Expected term (in years):	8.6	7.0
Expected volatility:	90.2 %	43.5 %
Dividend yield:	0 %	0 %

As of March 31, 2023, the total remaining stock-based compensation expense for unvested stock options was $3.5 million, which is expected to be recognized over a weighted-average period of 2.75 years.

A summary of the Company's RSU and PSU activity is as follows:

	Shares	**Weighted Average Fair Value**
Outstanding as of December 31, 2022	17,869,663	$ 1.09
Granted	6,534,618	0.99
Released	(1,145,334)	1.24
Forfeitures	(2,504,083)	1.10
Outstanding as of March 31, 2023	20,754,864	$ 1.04

The Company's subsidiaries in China have employees who are citizens of People's Republic of China (PRC). Pursuant to regulation Circular 78 and Circular 7 issued by the Central State Administration of Foreign Exchange of PRC ("SAFE"), the Company cannot release vested RSUs to it's PRC citizen employees before they have completed the required SAFE registration with a dedicated account set up for each of them to repatriate proceeds back to China under the SAFE. As a result, the outstanding RSU's for the period ended March 31, 2023 and December 31, 2022, include 1,614,088 and 1,448,697 RSUs of the Company's PRC citizens employees. These are unreleased RSUs as these employees have not completed the SAFE registration process.

As of March 31, 2023, the total remaining stock-based compensation expense for unvested RSUs and PSUs was $8.0 million, which is expected to be recognized over a weighted-average period of 4.06 years.

The following table presents stock-based compensation expense included in each respective expense category in the unaudited Condensed Consolidated Statements of Operations and Other Comprehensive Loss (dollars in thousands):

	Three Months Ended March 31,	
	2023 (As Restated)	**2022**
Research and development	$ 6,416	$ 1,622
Sales and marketing	760	374
General and administrative	1,457	1,350
	$ 8,633	$ 3,346

Included in stock-based compensation expense for the three months ended March 31, 2023 is $5.0 million related to when the Company's share-based payment awards were classified as liabilities from December 31, 2022 to February 28, 2023.

15. Net Loss per Share (As Restated)

Net Loss Per Share Attributable to Common Stockholders

Basic net loss per share attributable to common stockholders is calculated by dividing net loss attributable to common stockholders by the weighted-average number of shares issued and shares to be issued under the commitment to issue shares, as these shares are issuable for no consideration. Diluted net loss per share attributable to common stockholders adjusts the basic net loss per share attributable to common stockholders and the weighted-average number of shares issued and shares to be issued under the commitment to issue shares for potentially dilutive instruments. For purposes of presentation of basic and diluted net loss per share, the Company includes shares to be issued in the denominator in accordance with ASC 710-10-54-4 and ASC 260-10-45-48 as if they had been issued on the date of the Business Combination (see Note 1, *Nature of Business and Organization and Basis of Presentation*), as such shares are non-contingent and are issuable for no consideration.

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

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

	March 31, 2023 (As Restated)	March 31, 2022
Shares issuable upon exercise of SPA Warrants	93,571,419	—
Shares issuable upon conversion of notes and settlement of Make-Whole provisions	311,952,117	9,009,210
Other warrants	29,454,593	4,544,258
Stock-based compensation awards – Options	37,181,872	43,781,815
Stock-based compensation awards – RSUs	20,131,111	—
Public warrants	23,540,988	22,977,568
Private warrants	111,131	674,551
Total	515,943,231	80,987,402

16. Subsequent Events

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

Tranche B SPA Funding

In April 2023, Senyun, a Purchaser affiliated with ATW Partners LLC and RAAJJ Trading LLC purchased additional senior secured notes and SPA Warrants of the Company. The Company received gross proceeds of $4.0 million ($3.6 million net of original issuance discount) in exchange for such issuances.

Tranche C SPA Funding

In April and May 2023, Senyun and a Purchaser affiliated with ATW Partners LLC purchased additional senior secured notes and SPA Warrants of the Company. The Company received gross proceeds of $15.0 million ($13.5 million net of original issuance discount) in exchange for such issuances.

Equity Awards

On April 17, 2023, the Board granted, under the 2021 SI Plan, a total of 54,011 fully vested RSUs, with a grant date value of $0.35, to non-employee directors of the Company.

On April 27, 2023, the Board granted, under the 2021 SI Plan, a total of 386,574 RSUs, with a grant date value of $0.27, to certain employees of the Company.

Amendment No. 8 to the SPA

On May 8, 2023, and May 9, 2023, the Company amended the terms of the SPA with Senyun, FF Simplicity and FF Prosperity (together, "ATW Parties") ("Amendment No. 8"), pursuant to which: (i) the definition of Floor Price (as defined in each such Secured SPA Note), was amended from $0.21 to $0.10; (ii) Make-whole Interest shall be paid upon conversion of principal of the Secured SPA Notes; (iii) the conversion price for the Secured SPA Notes was amended from $1.05 to $0.89, subject to adjustment as set forth in the Secured SPA Notes; and (iv) the exercise price for the Secured SPA Warrants was amended from $1.05 to $0.89, subject to adjustment as set forth in the Secured SPA Warrants.

Unsecured Securities Purchase Agreement

On May 8, 2023, the Company entered into the Unsecured SPA with Unsecured SPA Purchasers to issue and sell, subject to the satisfaction of certain closing conditions, $100.0 million aggregate principal amount of the Company's senior unsecured convertible promissory notes. The Unsecured SPA Purchasers committed to fund in eight subsequent closings fifteen days apart, subject to the satisfaction of certain closing conditions. In addition, any Unsecured SPA Purchaser may postpone or cancel any closing pursuant to the Unsecured SPA in its reasonable discretion if it reasonably determines, based on public information, that the first phase of the Company's three-phase delivery plan as disclosed in public filings has not begun or will not begin prior to May 31, 2023 and/or the second phase of such delivery plan has not begun or will not begin prior to June 30, 2023, in each case within 15 calendar days of such deadline.

The Unsecured SPA Notes are subject to an original issue discount of 10%, accrue interest at 10% per annum, and are convertible into shares of Class A Common Stock of the Company, at a conversion price equal to $0.89, plus an interest make-whole amount, subject to certain adjustments including full ratchet anti-dilution price protection. Each Unsecured SPA Note matures on the date that is six years.

Under the Unsecured SPA Notes, at each closing, the Unsecured SPA Purchaser is entitled to receive an Unsecured SPA Warrant registered in the name of such Unsecured SPA Purchaser to purchase up to a number of shares of Common Stock equal to 33% of such shares issuable to such Unsecured SPA Purchaser upon conversion of the aggregate principal amount under the Unsecured SPA Note funded at such closing, with an exercise price equal to $0.89 per share, subject to full ratchet anti-dilution price protection and other adjustments, and are exercisable for seven years on a cash or cashless basis.

Each Unsecured SPA Purchaser has the option, from time to time for 12 months after the date of the Unsecured SPA, to purchase additional convertible senior unsecured notes and warrants on the same terms as the Unsecured SPA Notes in an aggregate amount not to exceed 50% of the initial principal amount of the Unsecured SPA Notes issued to such Unsecured SPA Purchaser, subject to certain conditions.

On May 10, 2023, the Company received gross proceeds pursuant to the Unsecured SPA totaling $3.3 million ($3.0 million net of original issuance cost).

Note Conversions

Between April 1, 2023 and May 12, 2023 the Purchasers converted portions of an aggregate principal amount of $60.2 million of the SPA Notes at a conversion price of $1.05 to $0.14 per share into 299,648,761 shares of Class A Common Stock.

Between April 1, 2023 and May 12, 2023 the Purchasers converted portions of an aggregate principal amount of $3.3 million of the Unsecured Notes at a conversion price of $0.89 to $0.14 per share into 23,691,100 shares of Class A Common Stock.

Authorized Shares

As of the date of the issuance of the unaudited Condensed Consolidated Financial Statements, the Company may not have sufficient remaining authorized shares of Class A Common Stock to fulfill its obligation to issue shares upon exercise of all of the warrants and conversion of all of the notes issued or issuable under the SPA, or to pay interest Make-Whole Amounts in shares upon conversion of such notes. Under the SPA, each Purchaser has the option, from time to time until November 10, 2023, to purchase additional Tranche B Notes and warrants of the Company, subject to certain conditions, in an aggregate amount not to exceed the initial principal amount of the Bridge Notes and Incremental Notes issued to such Purchaser. Under the NPA, the Investors have a similar option to acquire additional Optional Notes and warrants of the Company, subject to certain conditions. If there is an insufficient number of remaining authorized shares of Class A Common Stock, the Company would be required to pay the interest "Make-Whole Amount" in cash, which could adversely affect the Company's liquidity position, business and results of operations. In order to have a sufficient number of authorized shares of common stock to issue to the Purchasers and/or Investors pursuant to the NPA and SPA, the Company may call a subsequent special meeting to obtain stockholder approval to further increase the Company's authorized shares of common stock.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (AS RESTATED)

The following discussion and analysis is intended to help the reader understand FF's results of operations and financial condition. This discussion and analysis is provided as a supplement to, and should be read in conjunction with FF's unaudited Condensed *Consolidated Financial Statements and Notes thereto included elsewhere in this quarterly report on Form 10-Q (this "Report"). Some of the information contained in this discussion and analysis or set forth elsewhere in this Report, including information with respect to FF's plans and strategy for FF's business, includes forward-looking statements that involve risks and uncertainties. FF's actual results may differ materially from management's expectations as a result of various factors, including but not limited to those discussed in the sections entitled "Risk Factors" in the Company's Annual Report on Form 10-K filed on March 9, 2023 ("Form 10-K"), as updated by Part II, Item 1A of this Report and "Cautionary Note Regarding Forward-Looking Statements" below. The objective of this section is to provide investors an understanding of the financial drivers and levers in FF's business and describe the financial performance of the business.*

Cautionary Note Regarding Forward-Looking Statements

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

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

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

Restatement

The accompanying Management's Discussion and Analysis of Financial Condition and Results of Operations gives effect to the correction of errors in our previously reported consolidated financial statements as of and for the three month period ended March 31, 2023. For additional information and a detailed discussion of these error corrections, refer to the Explanatory Note and Part I, Item 1, Notes to the Condensed Consolidated Financial Statements, Note 2, *Restatement*.

Overview

Faraday Future Intelligent Electric, Inc. (together with its consolidated subsidiaries, "FF," "the Company," "we," "us" or "our") is a California-based, global, shared, intelligent, mobility ecosystem company founded in 2014 with a vision to disrupt the automotive industry.

On July 21, 2021, Faraday Future Intelligent Electric Inc. (f/k/a Property Solutions Acquisition Corp. (“PSAC”)), a Delaware corporation, consummated the previously announced business combination pursuant to that certain Agreement and Plan of Merger, dated as of January 27, 2021 (as amended, the “Merger Agreement”), by and among PSAC, PSAC Merger Sub Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands and wholly-owned subsidiary of PSAC (“Merger Sub”), and Legacy FF. Pursuant to the terms of the Merger Agreement, Merger Sub merged with and into Legacy FF, with Legacy FF surviving the merger as a wholly-owned subsidiary of the Company (the “Business Combination”).

Upon the consummation of the Business Combination, PSAC changed its name from Property Solutions Acquisition Corp. to Faraday Future Intelligent Electric Inc., and FF’s Class A Common Stock and Public Warrants began trading on The Nasdaq Global Market (“Nasdaq”) under the ticker symbols “FFIE” and “FFIEW,” respectively.

With headquarters in Los Angeles, California, FF designs and engineers next-generation, intelligent, connected, electric vehicles. FF manufactures vehicles at its ieFactory California production facility in Hanford, California, with additional future production capacity needs addressed through a contract manufacturing agreement with Myoung Shin Co., Ltd. (“Myoung Shin”), an automotive manufacturer headquartered in South Korea. FF has additional engineering, sales, and operational capabilities in China and is exploring opportunities for potential manufacturing capabilities in China through a joint venture or other arrangement.

Since its founding, FF has created major innovations in technology, products, and a user-centered business model. FF believes these innovations will enable FF to set new standards in luxury and performance that will redefine the future of intelligent mobility.

FF’s innovations in technology include its proprietary Variable Platform Architecture (“VPA”), propulsion system, and Internet Artificial Intelligence (“I.A.I.”) system. We believe the following combination of capabilities of FF’s products, technology, the recent upgrade to PT Gen 2.0, team, and business model distinguish FF from its competitors:

- FF has designed and developed a breakthrough mobility platform — its proprietary VPA.
- FF’s propulsion system provides a competitive edge in acceleration and range, enabled by an expected industry-leading inverter design, and propulsion system.
- FF’s advanced I.A.I. technology offers high-performance computing, high speed internet connectivity, Over the Air (“OTA”) updating, an open ecosystem for third-party application integration, and a Level 3 autonomous driving-ready system, in addition to several other proprietary innovations that enable FF to build an advanced, highly-personalized user experience.
- Since inception, FF has developed a portfolio of intellectual property, established its proposed supply chain, and assembled a global team of automotive and technology experts and innovators to achieve its goal of redefining the future of the automotive industry. As of May 5, 2023, FF has been granted approximately 660 patents globally.
- FF’s B2C (business-to-customer) passenger vehicle pipeline over the next five years is planned to include the FF 91 series, the FF 81 series, and the FF 71 series.

- FF believes that the FF 91 Futurist will be the first ultra-luxury EV to offer a highly-personalized, fully-connected user experience for driver and passengers. FF announced the start of production of the FF 91 Futurist on March 29, 2023, and FF's first production FF 91 Futurist vehicle came off the line on April 14, 2023. FF has developed a three-phase delivery plan for the FF 91 Futurist. The first phase is expected to begin at the end of May 2023, and the second phase is expected to begin at the end of the second quarter of 2023, followed by the third phase. The first phase is the "Industry Expert Futurist Product Officer (FPO) Co-Creation Delivery." In this first phase, the Industry Expert FPO(s) will pay in full for an FF 91 vehicle in order to reserve the vehicle and be trained in the use of the vehicle. The reserved FF 91 vehicle will be delivered to the FPO at the beginning of the second phase. The second phase is the "FPO Co-Creation Delivery." In this second phase, FPO(s) will take possession of the FF 91 vehicle. The third phase is the "Full Co-Creation Delivery." In this third phase, FF will deliver FF 91 vehicles to all spire users that pay in full for an FF 91 vehicle. FF expects to need substantial additional financing to start the third phases of the delivery plan and is in discussions with additional potential investors to obtain such financing. As FF executes the three-phase delivery plan, it plans to continue to move vehicles into production and off-the-line with high quality and high product power. The successful beginning of the second phase is contingent on receiving parts on our required timeframes and completion of requisite tests. Further, FF expects to need substantial additional financing to start the third phase of the delivery plan and is in discussions with additional potential investors to obtain such financing.

- Subject to future financing, FF plans to produce and deliver its second passenger vehicle, the FF 81, which will be a premium, mass-market electric vehicle positioned to compete against the Tesla Model S, Tesla Model X, the BMW 5-series, and the Nio ES8.

- Subject to future financing, FF plans to develop a mass-market passenger vehicle, the FF 71. FF expects to start production and deliveries of the FF 71 subsequent to production and deliveries of the FF 81. The FF 71 will integrate full connectivity and advanced technology into a smaller vehicle size and is positioned to compete against the Tesla Model 3, Tesla Model Y, and the BMW 3-series.

- Subject to future financing, FF plans to develop a Smart Last Mile Delivery ("SLMD") vehicle to address the high-growth, last-mile delivery opportunity, particularly in Europe, China and the U.S. FF's modular VPA facilitates entry into the last-mile delivery segment, allowing FF to expand its total addressable market and avenues of growth.

FF has adopted a hybrid manufacturing strategy consisting of its refurbished manufacturing facility in Hanford, California and a collaboration with Myoung Shin in South Korea. FF is also exploring other potential contract manufacturing options in addition to the contract manufacturing agreement in South Korea along with the possibility of manufacturing capacity in China through a joint venture or other arrangements. All passenger vehicles as well as the SLMD vehicle are expected to be available for sale in the U.S. and China, with potential expansion to European markets.

Emerging Growth Company Status

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

FF is an "emerging growth company" as defined in Section 2(a) of the Securities Act of 1933, as amended, and has elected to take advantage of the benefits of the extended transition period for new or revised financial accounting standards. FF expects to continue to take advantage of the benefits of the extended transition period, although it may decide to early adopt such new or revised accounting standards to the extent permitted by such standards. This may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used.

Segment Information

On February 26, 2023, after an assessment by the Board of the Company's management structure, the Board approved Mr. Yueting Jia (alongside Mr. Xuefeng Chen) reporting directly to the Board, as well as FF's product, mobility ecosystem, I.A.I., and advanced R&D technology departments reporting directly to Mr. Jia. The Board also approved FF's user ecosystem, capital markets, human resources and administration, corporate strategy and China departments reporting to both Mr. Jia and Mr. Xuefeng Chen, subject to processes and controls to be determined by the Board after consultation with the Company's management. The Company's remaining departments continue to report to Mr. Xuefeng Chen. Based on the changes to his responsibilities within the Company, the Board determined that Mr. Jia is an "officer" of the Company within the meaning of Section 16 of the Exchange Act and an "executive officer" of the Company under Rule 3b-7 under the Exchange Act.

Therefore, the Company's co-CODM's are both its Global Chief Executive Officer and Founder. The Company has determined that it operates in one operating segment and one reportable segment, as the co-CODM's review financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. Substantially all of the Company's consolidated operating activities, including its long-lived assets, are located within the United States of America. Given the Company's pre-revenue operating stage, it currently has no concentration exposure to products, services or customers.

Impact of COVID-19 on FF's Business (*in thousands*)

The residual effects of the COVID-19 pandemic continue to impact global and domestic economic conditions, which have affected our operations, our suppliers and other business partners. The impact of COVID-19 includes changes in consumer and business behavior, pandemic fears, market downturns, restrictions on business, and individual activities have created significant volatility in the global economy and have led to reduced economic activity. Consequently, we have experienced increased levels of overall cost inflation and challenges within our supply chain. Such residual impact also continue to create a disruption in the manufacture, delivery, and overall supply chain of vehicle manufacturers and suppliers and has led to a global decrease in vehicle sales in markets around the world.

Consumer trends that originated during the pandemic continue to persist and may also have long-lasting adverse impact on us. We cannot predict the extent and duration of such trends or their impact on us, which depend on many factors outside FF's control. In addition, any future outbreaks or measures taken by government authorities in response to such outbreaks could adversely affect FF's construction and manufacturing plans, sales and marketing activities, and business operations.

Any further delay to production will delay FF's ability to produce and deliver the FF 91 and begin generating revenue. FF does not currently anticipate any material impairments as a result of COVID-19; however, FF will continue to evaluate conditions on an ongoing basis. Even after the COVID-19 pandemic has subsided, FF may continue to experience an adverse impact to its business as a result of the global economic impact and any lasting effects on the global economy, including any recession that has occurred or may occur in the future. Refer to the section titled "Risk Factors" in Item 1A of the Form 10-K for a full discussion of the risks associated with the COVID-19 pandemic.

Business Combination

On June 24, 2021, the registration statement on Form S-4 (File No. 333-255027), initially filed with the U.S. Securities and Exchange Commission ("SEC") on April 5, 2021, relating to the Business Combination was declared effective by the SEC, and (ii) PSAC established a record date of June 24, 2021 and a meeting date of July 21, 2021 for its special meeting of stockholders, where the Business Combination was approved. For purposes of the discussions in this section related to conversion on the closing of the Business Combination of all issued and outstanding Legacy FF Ordinary Stock into shares of Common Stock of FFIE in accordance with the terms and conditions of the Merger Agreement and the settlement of liabilities in conjunction with the closing of the Business Combination, we refer to that parties' right to receive Class A and Class B Common Stock.

Recent Developments

During the three months ended March 31, 2023, these additional milestones and events took place:

- Announced Faraday Future's return to the Consumer Electronics Show, CES 2023, in Las Vegas, NV.
- Announced the shipment of one of the latest production-intent FF 91 Futurist testing vehicles to China for market testing and validation, including charging and infrastructure compatibility along with other hardware and software applications.
- Announced that FF is targeting a start of production date for its flagship FF 91 Futurist of March 30, 2023, assuming timely receipt of funds from the Company's investors, at the Company's Hanford California manufacturing facility, "FF ieFactory California."
- Announced, on March 29, 2023, the start of production of FF's flagship FF 91 Futurist at the Company's Hanford California manufacturing facility, "FF ieFactory California".

In the period subsequent to March 31, 2023, these additional milestones and events took place:

- Announced the completion of FF's first production build vehicle, the FF 91 Futurist, which came off its production line at FF ieFactory California on April 14, 2023.

- announced the launch of FF's Generative AI Product Stack, which will be integrated in the Company's flagship vehicle, the FF 91. FF is one of the first automotive manufacturers to integrate and demonstrate generative AI capabilities in a vehicle.

- Appointed Rich Schmidt as vice president of manufacturing. Mr. Schmidt will be responsible for leading all facets of FF's production and manufacturing, focusing on the Hanford, CA manufacturing plant, FF ieFactory California. He will oversee the continued development, component tooling, and hiring related to the production of the FF 91. Mr. Schmidt succeeds Mathias Hofmann, FF's Senior Vice President of Global Supply Chain.

- Announced 365 non-binding, fully refundable pre-orders as of May 5, 2023. Pre-orders are fully refundable, non-binding, paid deposits for the FF 91 Futurist vehicles available initially for sale to customers in the U.S. and China. FF 91 Futurist pre-orders require a $5,000 or $1,500 deposit, depending on the edition selected, for customers in the U.S. and up to CNY 50,000 or CNY 20,000 deposit, depending on the edition selected, for customers in China.

Recent Governance Developments

- As previously disclosed, from June to September 2022, FF and FF Global were party to a dispute over various terms of the Shareholder Agreement as then in effect, including relating to FF Global's right to remove its designees from the Board of Directors. On September 23, 2022, the Company, FF Global and FF Top entered into a governance settlement with FF Top, the largest holder of the Company's Common Stock, including with respect to the composition of the Board, resignation of Ms. Susan Swenson and Mr. Brian Krolicki, and the appointment of Adam (Xin) He to the Board. In connection with the Heads of Agreement, on September 23, 2022, the Company and FF Global entered into a mutual release agreement (the "Mutual Release"), pursuant to which, the Company and FF agreed to a mutual general release of claims and to settle fully and finally all differences between them, including any differences that arose out of the Company directors' service as a director, employee, officer or manager of the Company up through and including the date of the Mutua*l Release subject to customary exceptions.* Pursuant to the Heads of Agreement, FF Top and FF Global caused all actions in the Court of Chancery of the State of Delaware, and any other forum, filed by FF Top, FF Global and/or any of their respective controlled affiliates as of the effective date of the Heads of Agreement, naming the Company or any of its directors or officers to be dismissed without prejudice as of September 27, 2022.

  Shortly following the execution of the Heads of Agreement, FF Global began making additional demands of the Company which were beyond the scope of the terms contemplated by the Heads of Agreement and pertained to, among other things, the Company's management reporting lines and certain governance matters. On September 30, 2022, FF Global alleged that the Company was in material breach of the spirit of the Heads of Agreement. The Company believes it has complied with the applicable terms of the Heads of Agreement, and disputes any characterization to the contrary. Such disputes divert management and Board resources and are costly. There can be no assurance that this or any other dispute between the Company and FF Global will not result in litigation.

  On October 3, 2022, Ms. Swenson and Mr. Scott Vogel, a member of the Board, tendered their resignation from the Board effective immediately. On October 3, 2022, Mr. Jordan Vogel also tendered his resignation from the Board effective on October 5, 2022 upon his receipt of a supplemental release pursuant to the Mutual Release.

- On October 14, 2022, FF Top delivered to the Company a "Notice of Nomination of Replacement FF Top Designees" stating, among other things, that FF Top was nominating a director to fill the vacancy on the Board left by Ms. Swenson's resignation. FF Top asserted the right to nominate a director to fill the vacancy created by Ms. Swenson's resignation because such resignation was not effected in accordance with the Heads of Agreement, and thus, the provision that Ms. Swenson's seat would remain empty until the Annual Meeting did not apply. FF Top maintained that it believed that Ms. Swenson's vacancy should be filled with a nominee of FF Top, notwithstanding the current level of FF Top's beneficial ownership of the Company shares, in light of substantial dilution in its ownership of the Company shares based on recent financing transactions entered into by the Company.

- On October 22, 2022, FFIE and FF Top entered into the FF Top Amendment to the FF Top Voting Agreement. Pursuant to the FF Top Amendment, FF Top (among other things) reaffirmed its commitment under the FF Top Voting Agreement, in light of the extension of the maturity date of the Bridge Notes under the Third Amendment, to vote all of its shares of the Company voting stock in favor of the proposal to approve (for purposes of the Nasdaq listing rules) the issuance, in the aggregate, of shares in excess of 19.99% of the total issued and outstanding shares of the Company Common Stock pursuant to the Financing Documents at the special meeting of the Company's stockholders held on November 3, 2022. FF Top's obligations pursuant to the FF Top Amendment are conditioned on (i) the appointment of Mr. Chad Chen (or a substitute nominee, as applicable), to the Board of Directors of the Company as the fourth FF Top designee no later than October 27, 2022 (provided that Mr. Chen or a substitute nominee, as applicable, is reasonably acceptable to the Nominating and Corporate Governance Committee of the Board with respect to the Nasdaq independence rules and legal compliance and criminal compliance) (provided that if Mr. Chen is not so reasonably acceptable to the Nominating and Corporate Governance Committee of the Board, then FF Top will be permitted to nominate another individual to the Board); and (ii) constructive engagement by Mr. Adam (Xin) He, the Chairman of the Board, directly with representatives of FF Top on certain additional governance and management matters and, to the extent the Chairman of the Board so determines, in his discretion, such matters will be put to a discussion and a vote of the full Board. On October 27, 2022, Mr. Chad Chen was appointed to the Board. On October 28, 2022, Mr. Brian Krolicki tendered his resignation from the Board effective immediately.

- On November 26, 2022, the Board appointed Mr. Xuefeng Chen as Global CEO, effective as of November 27, 2022. Mr. Xuefeng Chen replaced Dr. Carsten Breitfeld, who was removed from the Global CEO position by the Board on November 26, 2022.

- On November 29, 2022, Mr. Robert Kruse, FF's former Senior Vice President, Product Execution, resigned from the Company. On December 13, 2022, Mr. Matthias Aydt took on the role of Senior Vice President, Product Execution, effective immediately.

- On December 15, 2022, Mr. Lee Liu tendered his resignation from the Board, which resignation was effective on December 18, 2022. On December 18, 2022, Mr. Jie Sheng was appointed to the Board, effective immediately, following the resignation of Mr. Liu. On December 25, 2022, Mr. Edwin Goh tendered his resignation from the Board, which resignation was effective on December 26, 2022. On December 27, 2022, Ms. Ke Sun was appointed to the Board, effective immediately, following the resignation of Mr. Goh. Mr. Sheng and Ms. Sun are designees of FF Top pursuant to the Amended Shareholder Agreement. On December 26, 2022, Dr. Carsten Breitfeld tendered his resignation from the Board, which resignation was effective immediately. On December 27, 2022, Mr. Xuefeng Chen was appointed to the Board, effective immediately, following the resignation of Dr. Breitfeld. On January 20, 2023, Mr. Qing Ye tendered his resignation from the Board, which resignation was effective immediately. Mr. Ye remains a consultant of the Company as an independent contractor until November 18, 2023, at which time both parties will mutually reassess the relationship. On January 25, 2023, Mr. Chui Tin Mok was appointed to the Board, effective immediately, following the resignation of Mr. Ye. On March 9, 2023, Mr. Matthias Aydt tendered his resignation from the Board, effective upon the nomination and approval by the Board of a replacement director. On March 13, 2023, upon the recommendation of the Nominating and Corporate Governance Committee, the Board appointed Li Han to fill the vacancy on the Board due to Mr. Aydt's resignation.

- On February 26, 2023, after an assessment by the Board of FF's management structure, the Board approved Mr. Yueting Jia (alongside Mr. Xuefeng Chen) reporting directly to the Board, as well as FF's product, mobility ecosystem, I.A.I., and advanced R&D technology departments reporting directly to Mr. Jia. The Board also approved FF's user ecosystem, capital markets, human resources and administration, corporate strategy and China departments reporting to both Mr. Jia and Mr. Xuefeng Chen, subject to processes and controls to be determined by the Board after consultation with the Company's management. The Company's remaining departments continue to report to Mr. Xuefeng Chen. Based on the changes to his responsibilities within the Company, the Board determined that Mr. Jia is an "officer" of the Company within the meaning of Section 16 of the Exchange Act and an "executive officer" of the Company under Rule 3b-7 under the Exchange Act.

- On January 13, 2023, the Company entered into an Amended and Restated Shareholder Agreement (the "Amended Shareholder Agreement") with FF Top and, solely for purposes of certain amendments to the Heads of Agreement, FF Global, which amended and restated the Shareholder Agreement, as amended by the Heads of Agreement. Pursuant to the Amended Shareholder Agreement, (a) FF Top has the right to nominate certain designees to the Board, (b) the Company agreed not to elect to be treated as a "controlled company" as defined under Nasdaq rules, (c) the Company agreed to cooperate with any written requests by FF Top relating to any pledge, hypothecation or grant of shares of Common Stock, (d) FF Top informed the Company that FF Top expects certain proposals to be submitted to Company stockholders for approval to amend provisions of the Company's Amended and Restated Charter related to voting power of Class B Common Stock, FF Top designees to the Board and written consent of stockholders, (e) the Company agreed not to enter into any transaction or series of related transactions that would require a stockholder vote under Nasdaq Listing Rule 5635(d) (without giving effect to Section 5635(f) thereof) without FF Top's prior written consent, which written consent shall not be unreasonably withheld, conditioned or delayed, (f) the Company agreed that investors under the SPA shall have the right to enter into any voting agreement or grant a voting proxy, at any time and on any terms, with or to FF Top with respect to any shares of Common Stock held by such investors, (g) FF Top agreed (i) to vote all shares of Common Stock that it beneficially owns in favor of an increase in the Company's authorized shares of Class A Common Stock from 815.0 million to 1.69 billion (as such number may be adjusted due to any stock split, reverse stock split or other similar corporate action after January 13, 2023) at the next meeting of the Company's stockholders held to consider such proposal (as such meeting may be adjourned or postponed) and (ii) not to transfer, convert or otherwise take any action that would result in the conversion of any shares of Class B Common Stock into Class A Common Stock of the Company prior to the Company's receipt of stockholder approval for an increase in the number of authorized shares of Class A Common Stock in accordance with the foregoing, (h) (i) FF Top released and waived claims it or any other "FF Top Parties" (i.e., FF Top, FF Peak Holding LLC, a Delaware limited liability company, Pacific Technology Holding LLC, a Delaware limited liability company, FF Global and each of their affiliates, and their respective successors and assigns) may have had against the Company and the Company Parties (described below; such claims, the "FF Top Claims") relating to matters occurring at any time after September 23, 2022 but prior to the execution of the Amended Shareholder Agreement (the "FF Top Release"), and (ii) the Company released and waived any and all claims it or any other "Company Parties" (i.e., the Company and each of the Company's controlled affiliates, each individual currently serving as a director or on the management team of the Company or any of its controlled affiliates, and the respective successors and assigns of any of the foregoing) may have against FF Top Parties relating to any matters occurring at any time after September 23, 2022 but prior to the execution of the Amended Shareholder Agreement, and (i) the Company, FF Top and FF Global agreed that certain conditions in the Heads of Agreement have been satisfied, that there are no Definitive Documents (as such term is defined in the Heads of Agreement) beyond the Heads of Agreement and the Amended Shareholder Agreement, and to certain other amendments of the Heads of Agreement.

Recent Financing Developments

- On August 14, 2022, FFIE entered into a definitive Securities Purchase Agreement with FF Simplicity and RAAJJ Trading LLC for $52.0 million of committed near-term convertible senior secured notes financing and the potential for an additional $248.0 million of incremental senior secured convertible notes financing to be funded within 90 days after the initial closing.

- On September 23, 2022, FFIE entered into Amendment No. 1 to the SPA and Convertible Senior Secured Promissory Notes, to amend, among other things (a) the SPA, (b) that certain Convertible Senior Secured Promissory Note in favor of FF Simplicity in the principal amount of $25.0 million, dated as of August 15, 2022, and (c) that certain Convertible Senior Secured Promissory Note in favor of FF Simplicity in the principal amount of $10.0 million, dated as of September 14, 2022.

- On September 25, 2022, FFIE entered into a Joinder and Amendment Agreement with Senyun, FF Simplicity and RAAJJ Trading LLC, for the purchase of up to $60.0 million under the SPA, subject to the completion of due diligence by the Company of Senyun and its financing sources.

- On October 24, 2022, FFIE entered into a Limited Consent and Third Amendment to the SPA (the "Third Amendment") with FF Simplicity as administrative and collateral agent and purchaser, Senyun as purchaser, and RAAJJ Trading LLC as purchaser.

- On November 8, 2022, FFIE entered into a Limited Consent and Amendment to the SPA (the "Fourth Amendment") with FF Simplicity as administrative and collateral agent and purchaser, Senyun as purchaser, and RAAJJ Trading LLC as purchaser.

- On December 28, 2022, FFIE entered into a Letter Agreement and Amendment to the SPA (the "Senyun Amendment") with FF Simplicity as administrative and collateral agent and Senyun as purchaser.

- On January 25, 2023, FFIE entered into a Limited Consent and Amendment No. 5 to the SPA (the "Fifth Amendment") with FF Simplicity as administrative and collateral agent and Senyun as purchaser.
- On February 3, 2023, FFIE entered into an Amendment No. 6 to Securities Purchase Agreement (The "Sixth Amendment") with FF Simplicity as administrative and collateral agent and Senyun, FF Top, FF Simplicity, FF Prosperity, Acuitas and other purchasers.
- On March 27, 2023, FFIE entered into an Amendment No. 7 to Securities Purchase Agreement (The "Seventh Amendment") with FF Simplicity as administrative, collateral agent and purchaser, and Senyun and FF Prosperity as purchasers.
- On May 9, 2023, FFIE entered into an Amendment No. 8 to Securities Purchase Agreement (The "Eighth Amendment") with FF Simplicity as administrative, collateral agent and purchaser, and Senyun and FF Prosperity as purchasers.
- On May 8, 2023, the Company entered into a Securities Purchase Agreement (the "Unsecured SPA") with Metaverse Horizon Limited and V W Investment Holding Limited, as purchasers (collectively with additional purchasers from time to time party thereto, the "Unsecured SPA Purchasers"), to issue and sell, subject to the satisfaction of certain closing conditions (as described further below), $100.0 million aggregate principal amount of the Company's senior unsecured convertible promissory notes.
- Beginning on August 16, 2022, FF Aventuras SPV XI, LLC, FF Adventures SPV XVIII LLC, FF Ventures SPV IX LLC and FF Venturas SPV X LLC, entities affiliated with ATW Partners LLC (the "ATW Investors"), converted portions of the aggregate principal amount of the outstanding convertible notes issued by the Company in a private placement pursuant to a Second Amended and Restated Note Purchase Agreement, dated as of October 9, 2020 (as amended from time to time, the "NPA," and such convertible notes issued under the NPA, the "ATW NPA Notes"), into shares of Class A Common Stock, as follows below:

Conversion Period	**Total Principal Amount of ATW NPA Notes Converted (*in thousands*)**	**Conversion Price**	**Total Number of Shares of Class A Common Stock Issued**
August 16, 2022 to September 14, 2022	$67,218	$0.84 to $2.29	64,843,850

- On September 26, 2022, the ATW Investors exercised 2,687,083 ATW NPA Warrants, each with an exercise price of $0.64 per share, into an equivalent number of shares of Class A Common Stock, resulting in net cash exercise proceeds to FFIE of $1.7 million.
- On September 27, 2022, the ATW Investors exercised 29,158,364 ATW NPA Warrants, each with an exercise price of $0.50 per share, on a cashless basis into 14,339,110 shares of Class A Common Stock.
- On September 27, 2022, the Board approved the issuance of 3,169,822 stock option awards, each exercisable into one share of Class A Common Stock, as part of the Company's 2021 Stock Incentive Plan. Vesting terms include annual vesting in 25% increments from the vesting start date, 100% vesting as of the vesting start date, and vesting upon the start of production of the FF 91 Futurist.
- On October 10, 2022, FFIE entered into an exchange agreement with the ATW Investors, pursuant to which, on October 10, 2022, the ATW Investors exchanged $4.0 million in aggregate principal amount of the outstanding ATW NPA Notes for 6,269,031 newly issued shares of Class A Common Stock, reflecting a price per share of Class A Common Stock of $0.64.
- On October 19, 2022, FFIE and the ATW Investors entered into an exchange agreement, pursuant to which, on October 19, 2022, the ATW Investors exchanged $2.7 million in aggregate principal amount of the outstanding ATW NPA Notes for 5,227,837 newly issued shares of the Class A Common Stock, reflecting a price per share of Class A Common Stock of $0.51. Following the completion of such exchange, there were no outstanding ATW NPA Notes.

- Between November 22, 2022 and February 28, 2023, FF Simplicity, Senyun and RAAJJ Trading LLC converted portions of the aggregate principal amount of the outstanding convertible notes of $68.9 million issued by the Company pursuant to the SPA at a conversion price of $0.23 to $1.05 per share into 258,909,938 shares of Class A Common Stock.

- Between November 22, 2022 and February 7, 2023, FF Simplicity, Senyun and RAAJJ Trading LLC exercised 43,874,615 SPA Warrants using exercise prices of $0.28 to $0.2275 per share into 39,647,862 shares of Class A Common Stock. Between December 15, 2022 and February 6, 2023, the ATW Investors exercised 28,597,331 NPA ATW Warrants using an exercise price of $0.2275 per share into 23,557,189 shares of Class A Common Stock.

- On November 14, 2022, FFIE announced entry into the SEPA with Yorkville, with an initial commitment of $200.0 million. Under the terms of the SEPA, FFIE has the right, but not the obligation, to issue and sell to Yorkville up to $200.0 million in shares Class A Common Stock subject to customary conditions including an effective registration statement for the resale of such shares. FFIE has the right to increase the $200.0 million commitment by up to $150.0 million in one or more installments. The shares will be sold to Yorkville at a discounted price of 97% of the three-day VWAP at the time of funding, and generally limited to one-third of FFIE's trading volume during such time period. On December 8, 2022, FFIE filed with the SEC a registration statement on Form S-1 (File No. 333-268722) to register shares of Class A Common Stock to be issued under the SEPA. Such registration statement was declared effective by the SEC on March 22, 2023.

- Between April 1, 2023 and May 12, 2023 the Purchasers converted portions of an aggregate principal amount of $60.2 million of the SPA Notes at a conversion price of $1.05 to $0.14 per share into 299,648,761shares of Class A Common Stock.

- Between April 1, 2023 and May 11, 2023 the Purchasers converted portions of an aggregate principal amount of $3.3 million of the Unsecured Notes at a conversion price of $0.89 to $0.14 per share into 23,691,100 shares of Class A Common Stock.

Special Committee Investigation

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

In connection with the Business Combination, statements made by certain Company employees to certain investors describing the role of Mr. Yueting Jia, the Company's founder and former CEO, within the Company were inaccurate and his involvement in the management of the Company post-Business Combination was more significant than what had been represented to certain investors.

- The Company's statements leading up to the Business Combination that it had received more than 14,000 reservations for the FF 91 vehicle were potentially misleading because only several hundred of those reservations were paid, while the others (totaling 14,000) were unpaid indications of interest.

- Consistent with FFIE's previous public disclosures regarding identified material weaknesses in its internal control over financial reporting, the Company's internal control over financial reporting requires an upgrade in personnel and systems.

- The Company's corporate culture failed to sufficiently prioritize compliance.

- Mr. Jia's role as an intermediary in leasing certain properties which were subsequently leased to the Company was not disclosed in FFIE's corporate housing disclosures.
- In preparing FFIE's related party transaction disclosures, the Company failed to investigate and identify the sources of loans received from individuals and entities associated with Company employees.

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

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

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

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

- the appointment of Susan Swenson, a former member of the Board, to the then newly created position of Executive Chairperson of FF.
- Dr. Carsten Breitfeld, FF's former Global CEO, reporting directly to Ms. Swenson and receiving a 25% annual base salary reduction;
- the removal of Mr. Jia as an executive officer, although continuing in his position as Chief Product & User Ecosystem Officer of FFIE. Certain dual-reporting arrangements were eliminated with respect to Mr. Jia, and he is required to report directly to Ms. Swenson, a non-independent director nominated by FF Top. Mr. Jia also received a 25% annual base salary reduction, and his role was limited from a policy-making position to focusing on (a) Product and Mobility Ecosystem and (b) Internet, Artificial Intelligence, and Advanced R&D technology;
- Matthias Aydt, then Senior Vice President, Business Development and Product Definition and a former director of FFIE, and currently Senior Vice President, Product Execution, being placed on probation as an executive officer for a six-month period, during which period he remained a non-independent member of the Board, which probationary period has since ended;
    - the appointment of Jordan Vogel as Lead Independent Director; certain changes to the composition of Board committees, including Brian Krolicki stepping down from his role as Chairman of the Board and Chair of the Nominating and Corporate Governance Committee and becoming a member of the Audit and Compensation Committees of the Board; Jordan Vogel stepping down from the Nominating and Corporate Governance Committee; and Scott Vogel becoming the Chair of the Audit Committee and the Nominating and Corporate Governance Committee of the Board;
    - the suspension without pay of Jiawei ("Jerry") Wang, FFIE's former Vice President, Global Capital Markets, who subsequently notified the Board of his decision to resign from FF on April 10, 2022;

- the assessment and enhancement of FF's policies and procedures regarding financial accounting and reporting and the upgrading of FF's internal control over financial accounting and reporting, including by hiring additional financial reporting and accounting support, in each case at the direction of the Audit Committee;

  - the implementation of enhanced controls around FF's contracting and related party transactions, including regular attestations by FF's employees with authority to bind FF to contracts and related party transactions, for purposes of enabling FF to make complete and accurate disclosures regarding related party transactions;

- the implementation of a comprehensive training program for all directors and officers regarding, among other things, internal FF policies;
- the separation of Jarret Johnson, FF's Vice President, General Counsel and Secretary; and
- certain other disciplinary actions and terminations of employment with respect to other FF employees (none of whom is an executive officer).

As of the date of this Report, FF is continuing to implement certain of the remedial actions approved by the Board. However, certain of these remedial actions are no longer in effect. For instance, Ms. Swenson resigned from the Board on October 3, 2022. Moreover, effective on February 26, 2023, certain departments within the Company report to both Mr. Jia and Mr. Xuefeng Chen, including the Company's user ecosystem, capital markets, human resources and administration, corporate strategy and China departments, subject to processes and controls to be determined by the Board after consultation with the Company's management. The Company's product, mobility ecosystem, I.A.I., and advanced R&D technology departments report directly to Mr. Jia, while the remaining departments continue to report to Mr. Xuefeng Chen. Further, based on the changes to his responsibilities within FF, the Board determined that Mr. Jia is an "officer" of the Company within the meaning of Section 16 of the Exchange Act, and an "executive officer" of the Company under Rule 3b-7 under the Exchange Act.

In addition to the above, the Company is strengthening its compliance policies and procedures, including the hiring of a Compliance Officer with the title of Deputy General Counsel (hired in March 2023), who will report on a dotted line to the Chair of the Audit Committee, and a Director of Risks and Internal Controls. However there is no assurance can be provided that the remedial measures that continue to be implemented and additional actions by the Company to enhance its compliance policies and procedures will be implemented in a timely manner or at all, or will be successful to prevent inaccurate disclosures in the future. However, pursuant to the Heads of Agreement, FF has implemented certain governance changes that impact certain of the above-discussed remedial actions. On October 3, 2022, Ms. Swenson tendered her resignation from her role as both Executive Chairperson and member of the Board effective immediately. In addition, on October 3, 2022, Mr. Scott Vogel resigned from the Board effective immediately and Mr. Jordan Vogel resigned effective on October 5, 2022 upon his receipt of a supplemental release pursuant to the Mutual Release. On October 28, 2022, Mr. Brian Krolicki tendered his resignation from the Board effective immediately. On December 15, 2022, Mr. Lee Liu tendered his resignation from the Board, which resignation was effective on December 18, 2022. On December 18, 2022, Mr. Jie Sheng was appointed to the Board, effective immediately, following the resignation of Mr. Liu. On December 25, 2022, Mr. Edwin Goh tendered his resignation from the Board, which resignation was effective on December 26, 2022. On December 27, 2022, Ms. Ke Sun was appointed to the Board, effective immediately, following the resignation of Mr. Goh. Mr. Sheng and Ms. Sun are designees of FF Top pursuant to the Amended Shareholder Agreement. On December 26, 2022, Dr. Carsten Breitfeld tendered his resignation from the Board, which resignation was effective immediately. On December 27, 2022, Mr. Xuefeng Chen was appointed to the Board, effective immediately, following the resignation of Dr. Breitfeld. On January 20, 2023, Mr. Qing Ye tendered his resignation from the Board, which resignation was effective immediately. Mr. Ye remains a consultant of the Company as an independent contractor until November 18, 2023, at which time both parties will mutually reassess the relationship. On January 25, 2023, Mr. Chui Tin Mok was appointed to the Board, effective immediately, following the resignation of Mr. Ye. On March 9, 2023, Mr. Matthias Aydt tendered his resignation from the Board, effective upon the nomination and approval by the Board of a replacement director. On March 13, 2023, upon the recommendation of the Nominating and Corporate Governance Committee, the Board appointed Li Han to fill the vacancy on the Board due to Mr. Aydt's resignation. On April 14, 2023, FF held its 2023 Annual Meeting and nominated directors for election as contemplated in the Heads of Agreement.

Subsequent to FFIE announcing the completion of the Special Committee investigation on February 1, 2022, FFIE, certain members of the management team, and employees of FFIE received a notice of preservation and subpoena from the staff of the SEC stating that the SEC had commenced a formal investigation relating to the matters that were the subject of the

Special Committee investigation. FFIE is cooperating fully with the SEC's investigation, including responding to multiple subpoenas and requests for information. The outcome of such an investigation is difficult to predict. FF has incurred, and may continue to incur, significant expenses related to legal and other professional services in connection with the SEC investigation. At this stage, FF is unable to assess whether any material loss or adverse effect is reasonably possible as a result of the SEC's investigation or estimate the range of any potential loss. In addition, in June 2022, FF received a preliminary request for information from the DOJ in connection with the matters that were the subject of the Special Committee investigation. FF has responded to that request and intends to fully cooperate with any future requests from the DOJ.

South Korea Contract Manufacturing

In February 2022, the Company entered into a definitive contract manufacturing and supply agreement with Myoung Shin Co., Ltd. ("Myoung Shin"), a South Korea-based automotive manufacturer and parts supplier, to manufacture the Company's second vehicle, the FF 81. The agreement has an initial term of nine years from the start of production of the FF 81, which is scheduled as early as 2024. Pursuant to the agreement, Myoung Shin shall maintain sufficient manufacturing capabilities and capacity to supply FF 81 vehicles to the Company in accordance with the Company's forecasts and purchase orders. The Company and Myoung Shin will each manufacture and supply certain FF 81 parts that Myoung Shin will use in the manufacture and assembly of FF 81 vehicles.

Financing Discussions and New Convertible Note and Warrant Financings

On March 29, 2023, FF announced the start of production of the FF 91 Futurist and, on April 14, 2023, FF's first production FF 91 Futurist vehicle came off the line. Although FF has successfully obtained commitments since August 2022 from several investors totaling $267.0 million in convertible note financing, subject to certain conditions, and continues financing discussions with multiple parties, FF has experienced delays in securing additional funding commitments, which have exacerbated the supply chain pressures on FF's business. These factors, in addition to the continued rise in inflation and other challenging macroeconomic conditions, have led FF to take steps to preserve its current cash position, including implementing headcount reductions and other expense reduction and payment delay measures. Further efforts, including additional headcount reductions, may be undertaken in response to FF's financial condition and market conditions. FF has developed a three-phase delivery plan for the FF 91 Futurist. The first phase is expected to begin at the end of May 2023, and the second phase is expected to begin at the end of the second quarter of 2023, followed by the third phase. The first phase is the "Industry Expert Futurist Product Officer (FPO) Co-Creation Delivery." In this first phase, the Industry Expert FPO(s) will pay in full for an FF 91 vehicle in order to reserve the vehicle and be trained in the use of the vehicle. The reserved FF 91 vehicle will be delivered to the FPO at the beginning of the second phase. The second phase is the "FPO Co-Creation Delivery." In this second phase, FPO(s) will take possession of the FF 91 vehicle. The third phase is the "Full Co-Creation Delivery." In this third phase, FF will deliver FF 91 vehicles to all spire users that pay in full for an FF 91 vehicle. The successful beginning of the second phase is contingent on receiving parts on our required timeframes and completion of requisite tests. Further, FF expects to need substantial additional financing to start the third phase of the delivery plan and is in discussions with additional potential investors to obtain such financing.

The Company needs to raise additional capital to support the production and delivery of the FF 91 Futurist and satisfy its other capital needs. There is no assurance FF will be able to timely receive sufficient funding under existing financing commitments to produce and deliver the FF 91 Futurist on that timeline or at all. If unable to receive sufficient funding, FF will be required to obtain new financing commitments, which may not be available to it under reasonable commercial terms. Further, there cannot be any assurance that FF will be able to develop the manufacturing capabilities and processes, or secure reliable sources of component supply to meet the quality, engineering, design or production standards, or to meet the required production volumes to successfully grow into a viable, cash flow positive business.

On August 14, 2022, FF entered into a definitive Securities Purchase Agreement (the "SPA") with FF Simplicity Ventures LLC, an entity affiliated with ATW Partners LLC, and RAAJJ Trading LLC for $52.0 million of committed near-term convertible senior secured notes financing subject to certain conditions (which was increased on September 23, 2022 to $57.0 million, which increase was subsequently terminated upon the funding of the initial $10.0 million tranche of SPA Notes to Senyun, which occurred on October 27, 2022, another $10.0 million on November 15, 2022, and another $10.0 million in December 2022), and the potential for an additional $243.0 million of incremental senior secured convertible notes financing to be funded within 90 days after the initial closing. A committed amount of $52.0 million ($43.3 million net of original issue discount and transaction costs) has been funded to date. On September 23, 2022, FF and certain investors affiliated with ATW Partners LLC entered into a Warrant Exercise Agreement (the "Warrant Exercise Agreement"), pursuant to which, subject to the satisfaction of certain minimum trading price, minimum trading volume and certain other Equity Conditions (as described below), FF will have the right, exercisable on one or more occasions prior to January 23, 2023, to require the ATW Investors to exercise on a cash basis (each, a “Forced Exercise”) certain warrants held by the ATW Investors, in part, in exchange for newly issued shares of Class A Common Stock in an amount not to exceed (a) for any single Forced Exercise, $7.0 million in aggregate exercise price, and (b) for all Forced Exercises in the aggregate, the difference of (x) the maximum exercise price amount allowed under the Warrant Exercise Agreement (which is approximately $20.0 million) less (y) the aggregate exercise price of any voluntary exercises of the same warrants held by the ATW Investors after the date of the Warrant Exercise Agreement. The “Equity Conditions” are defined in the Warrant Exercise Agreement to include (among others): (a) the effectiveness of one or more registration statements under the Securities Act, (b) the availability of the Annual Report on Form 10-K contained in such registration statement(s) for the resale of the applicable Warrant shares, (c) the continued listing of shares of the Company’s Class A Common Stock on a national securities exchange, (d) no occurrence of any “Price Failure” (*i.e.*, the VWAP of the Class A Common Stock failing to exceed $0.85 per share (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions) on any two (2) trading days during the ten (10) trading day measurement period immediately preceding the relevant determination date), subject to certain permitted adjustments, and (e) no occurrence of any “Volume Failure” (*i.e.*, the aggregate daily dollar trading volume (as reported on Bloomberg) falling below $10.0 million on any two (2) trading days during the ten (10) trading day measurement period immediately preceding the relevant determination date).

On September 25, 2022, FFIE entered into a Joinder and Amendment Agreement with Senyun, FF Simplicity and RAAJJ Trading LLC, for the purchase of up to $60.0 million under the SPA (with potential increase to $90.0 million), of which $35.6 million (net of original issue discount and transaction costs) has been funded to date. The initial $10.0 million tranche was funded on October 27, 2022, the second $10.0 million tranche was funded on November 15, 2022, and the third $10.0 million tranche was funded in parts on different dates in December 2022.

On October 24, 2022, FFIE entered into a Limited Consent and Third Amendment to the SPA with FF Simplicity as administrative and collateral agent and purchaser, Senyun as purchaser, and RAAJJ Trading LLC as purchaser.

On November 8, 2022, FFIE entered into a Limited Consent and Amendment to the SPA (the “Fourth Amendment”) with FF Simplicity as administrative and collateral agent and purchaser, Senyun as purchaser, and RAAJJ Trading LLC as purchaser.

On December 28, 2022, FFIE entered into a Letter Agreement and Amendment to the SPA (the “Senyun Amendment”) with FF Simplicity as administrative and collateral agent and Senyun as purchaser.

On January 25, 2023, FFIE entered into a Limited Consent and Amendment No. 5 to the SPA (the “Fifth Amendment”) with FF Simplicity as administrative and collateral agent and Senyun as purchaser.

On February 3, 2023, FFIE entered into an Amendment No. 6 to Securities Purchase Agreement (The “Sixth Amendment”) with FF Simplicity as administrative and collateral agent and Senyun, FF Top, FF Simplicity, FF Prosperity, Acuitas and other purchasers. As of the date this Report, we have received $120.0 million ($106.1 million net of original issue discount and transaction costs) in Tranche C SPA Notes under the Sixth Amendment.

On March 23, 2023, the Company entered into an Amendment No. 7 to the SPA (the “Seventh Amendment”) with Senyun and entities affiliated with ATW Partners LLC, pursuant to which the parties agreed to accelerate the funding timeline of Tranche C Notes in the amount of $40.0 million, and an entity affiliated with ATW Partners LLC agreed to purchase additional Tranche B Notes in the amount of $5.0 million, in each case, subject to meeting certain conditions, in exchange for an agreement to increase original issuance costs associated with such funding. As part of the agreement, original issuance discount related to $25.0 million in principal amount of Tranche C Notes and Tranche B notes was agreed to be 14% and 16%, respectively.

On May 8, 2023, the Company entered into a Securities Purchase Agreement (the “Unsecured SPA”) with Metaverse Horizon Limited and V W Investment Holding Limited (the ”Unsecured SPA Purchasers”) to issue and sell, subject to the satisfaction of certain closing conditions, $100.0 million aggregate principal amount of the Company’s senior unsecured convertible promissory notes. On May 10, 2023 the Company received gross proceeds pursuant to the Unsecured SPA totaling $3.3 million ($3.0 million net of original issuance cost).

FF is actively engaged in confidential discussions and negotiations with entities affiliated with FF Top and other potential investors with respect to purchasing incremental convertible senior secured notes and/or convertible junior secured notes on the same terms as FF Simplicity Ventures LLC under the SPA.

FF will need further financing to support the ramp up and development of its sales and service systems for its flagship FF 91 vehicle and beyond. In particular, the Company is currently conducting due diligence on potential financing sources. This process has been time consuming and may result in the Company not being able to consummate any financing from these or other financing sources on a timely basis or at all. Additionally, certain investors under the SPA may not fund their commitments until the Company increases the number of authorized shares of its Class A Common Stock and registers the securities underlying the SPA Warrants and SPA Notes in an effective registration statement.If we are unable to raise sufficient additional funds in the near term, we may be required to further delay our production and delivery plans for the FF 91 Futurist, reduce headcount, liquidate our assets, file for bankruptcy, reorganize, merge with another entity, and/or cease operations.

FF's cash needs after the start of production of the FF 91 Futurist will depend on the extent to which FF's actual costs vary from FF's estimates and FF's ability to control these costs and raise additional funds. Any challenges in supplier engagements, delays in ramping capacity or labor at the Hanford facility or for sales and service engagements, rising prices of materials, or ongoing global supply chain disruptions may further increase the need for additional capital to produce and deliver the FF 91 series. In particular, recently, some suppliers have threatened to terminate their relationship with the Company because of late payments or requested accelerated payments and other terms and conditions as a result of our past payment history and concerns about the Company's financial condition, leading to less favorable payment terms than the Company had anticipated, and delaying or putting at risk certain deliveries. FF is in active negotiations with these suppliers to minimize these risks. Apart from the FF 91 series, substantial additional capital will be required to fund operations, research, development, and design efforts for future vehicles.

Components of FF's Results of Operations

Key Factors Affecting Operating Results *(in thousands)*

FF's performance and future success depend on several factors that present significant opportunities but also pose risks and challenges including those discussed below and, in the section titled "*Risk Factors*" in the Form 10-K, as updated in this Report.

Faraday Future Vehicle Production and Delivery

FF expects to derive revenue from sales of the FF 91 Futurist. The start of production of the FF 91 Futurist was announced on March 29, 2023, and FF's first production FF 91 Futurist vehicle came off the line on April 14, 2023. FF has developed a three-phase delivery plan for the FF 91 Futurist. The first phase is expected to begin at the end of May 2023, and the second phase is expected to begin at the end of the second quarter of 2023, followed by the third phase. The first phase is the "Industry Expert Futurist Product Officer (FPO) Co-Creation Delivery." In this first phase, the Industry Expert FPO(s) will pay in full for an FF 91 vehicle in order to reserve the vehicle and be trained in the use of the vehicle. The reserved FF 91 vehicle will be delivered to the FPO at the beginning of the second phase. Delivery of the reserved FF 91 vehicle will occur at the beginning of phase two. The second phase is the "FPO Co-Creation Delivery." In this second phase, FPO(s) will take possession of the FF 91 vehicle. The third phase is the "Full Co-Creation Delivery." In this third phase, FF will deliver FF 91 vehicles to all spire users that pay in full for an FF 91 vehicle. The successful beginning of the second phase is contingent on receiving parts on our required timeframes and completion of requisite tests. Further, FF expects to need substantial additional financing to start the third phase of the delivery plan and is in discussions with additional potential investors to obtain such financing.

The successful beginning of the second phase is contingent on receiving parts on our required timeframes and completion of requisite tests. Further, FF expects to need substantial additional financing to start the third phase of the delivery plan and is in discussions with additional potential investors to obtain such financing. As FF executes the three-phase delivery plan, it plans to continue to move vehicles into production and off-the-line with high quality and high product power.

The FF 81, FF 71, and SLMD electric vehicle models are in various stages of planning or development and expected to be released after the FF 91 series depending on availability of adequate funding and other strategic factors.

Production and Operations

FF expects to continue to incur significant operating costs that will impact its future profitability, including research and development expenses as it introduces new models and improves existing models; capital expenditures for the expansion of its manufacturing capacities; additional operating costs and expenses for production ramp-up; raw material procurement costs; general and administrative expenses as it scales its operations; interest expense from debt financing activities; and selling and distribution expenses as it builds its brand and markets its vehicles. FF may incur significant costs in connection with its services once it delivers the FF 91 Futurist, including servicing and warranty costs. FF's ability to become profitable in the future will depend on its ability to successfully market its vehicles and control its costs.

To date, FF has not yet sold any electric vehicles. As a result, FF will require substantial additional capital to develop products and fund operations for the foreseeable future. Until FF can generate sufficient revenue from product sales, FF will fund its ongoing operations through a combination of various funding and financing alternatives, including equipment leasing and construction financing of the Hanford, California, ieFactory California, manufacturing facility, secured syndicated debt financing, convertible notes, working capital loans, and equity offerings, among other options. The particular funding mechanisms, terms, timing, and amounts are dependent on the Company's assessment of opportunities available in the marketplace and the circumstances of the business at the relevant time. Any delays in the successful completion of its ieFactory California manufacturing facility will impact FF's ability to generate revenue. For additional discussion of the substantial doubt about FF's ability to continue as a going concern, see Note 3, *Liquidity and Capital Resources* in the notes to the unaudited Condensed Consolidated Financial Statements and for further details on liquidity, please see the "Liquidity and Capital Resources" section below.

Revenues

FF is a development stage company and has not generated any revenue to date. FF's anticipated introduction of the FF 91 Futurist, its first vehicle, is expected to generate FF's future revenue while other vehicles are in development.

Operating Expenses

Research and Development

Research and development activities represent a significant part of FF's business. FF's research and development efforts focus on the design and development of FF's electric vehicles and continuing to prepare its prototype electric vehicles to exceed industry standards for compliance, innovation, and performance. Research and development expenses consist of personnel-related costs (including salaries, bonuses, benefits, and stock-based compensation) for FF's employees focused on research and development activities, other related costs, depreciation, and an allocation of overhead. FF expects research and development expenses to increase as FF continues to develop its vehicles. FF anticipates an increase in activities in the U.S. and China, where FF's research and development operations are primarily located.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel-related costs (including salaries, bonuses, benefits, and stock-based compensation) for FF's employees focused on sales and marketing, costs associated with sales and marketing activities, and an allocation of overhead. Marketing activities are those related to introducing FF's brand and its electric vehicle prototypes to the market. FF expects selling and marketing expenses to continue to increase as FF brings its electric vehicles to market and seeks to generate sales.

General and Administrative

General and administrative expenses consist primarily of personnel-related costs, (including salaries, bonuses, benefits, and stock-based compensation) for employees associated with administrative services such as legal, human resources, information technology, accounting and finance, other related costs, and legal loss contingency expenses, which are FF's estimates of future legal settlements. These expenses also include certain third-party consulting services, certain facilities costs, and any corporate overhead costs not allocated to other expense categories. FF expects its general and administrative expenses to increase as FF continues to grow its business. FF also anticipates that it will incur additional costs for employees and third-party consulting services now that it operates as a public company.

Loss on Disposal of Property and Equipment

Loss on disposal of property and equipment relates to the abandonment of certain FF 91 program construction in progress assets, primarily vendor tooling, machinery, and equipment, due to the redesign of the related FF 91 components and implementation of FF's cost reduction program. Charges associated with disposals are recognized within operating expenses in the unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss.

Non-operating Expenses

Change in Fair Value Measurements

Change in fair value measurements consists of the losses and gains as a result of fair value measurements of certain financial instruments which FF records at fair value. Changes in fair value measurement of related party notes payable and notes payable have decreased following the Business Combination as the majority of the liabilities converted to equity or were paid in cash.

Interest Expense

Interest expense primarily consists of interest on outstanding notes payable, capital leases, certain supplier payables, and vendor payables in trust. Interest expense decreased as the majority of notes payable and vendor payables in trust were either settled in cash or converted to equity upon completion of the Business Combination.

Related Party Interest Expense

Related party interest expense consists of interest expense on notes payable with related parties. Related party interest expense has decreased relative to prior periods, as the majority of related party notes payable converted to equity upon completion of the Business Combination.

Other Expense, net

Other expense, net consists of foreign currency transaction gains and losses and other expenses such as bank fees and late charges. Foreign currency transaction gains and losses are generated by revaluation of debt and the settlements of invoices denominated in currencies other than the functional currency. FF expects other expense to fluctuate as FF continues to transact internationally.

Loss on Settlement of Notes Payable

Loss on settlement of notes payable consists of losses resulting from the settlement of notes payable as part of the Company's ongoing financing activities.

Results of Operations (*in thousands*) (Unaudited)

To date, FF has not generated any revenue from the design, development, manufacturing, engineering, sale, or distribution of its electric vehicles. Please refer to the section "*Risk Factors*" in the Form 10-K, as updated in this Report for a full discussion on the risks and uncertainties related to costs.

Comparison of the Three Months Ended March 31, 2023 and 2022 (dollars in thousands)

	Three Months Ended March 31,	
	2023 (As Restated)	**2022**
Consolidated Statements of Operations		
Operating expenses		
Research and development	$ 57,808	$ 114,935
Sales and marketing	5,065	6,186
General and administrative	26,513	27,880
Loss on disposal of property and equipment	3,698	—
Change in fair value of earnout liability	2,764	—
Total operating expenses	95,848	149,001
Loss from operations	(95,848)	(149,001)
Change in fair value measurements	48,135	1,186
Interest expense	(292)	(3,746)
Related party interest expense	—	(622)
Other (expense) income, net	1,168	(915)
Loss on settlement of notes payable	(98,136)	—
Loss before income taxes	(144,973)	(153,098)
Income tax provision	—	—
Net loss	$ (144,973)	$ (153,098)

Research and Development

	Three Months Ended March 31,		Change	
	2023 (As Restated)	2022	Amount	%
Research and development	$ 57,808	$ 114,935	$ (57,127)	(50)%

The decrease in research and development expense during the three months ended March 31, 2023 versus the same period in 2022 was primarily due to the decrease in engineering, design, and testing ("ED&T") services of $56,393 as the Company substantially completed R&D activities related to the FF 91 vehicle in 2022 and was focused on capitalizable activities attributable to Start of Production which was achieved on March 29, 2023; the decrease in personnel and compensation related expenses of $4,213 due to decreased headcount as part of cost saving measures implemented by the Company in light of its financial position and the focus on achieving Start of Production; $1,422 decrease in professional services due to termination of consulting services in China and lower use of professional services in general as part of the above mentioned cost savings measures; partially offset by an increase in stock based compensation of $4,946 mostly related to the portion of stock options measured at fair value through the increase in authorized shares on February 28, 2023 and partially offset by a decrease in headcount coupled with a decreased in the Company's stock price.

Sales and Marketing

	Three Months Ended March 31,		Change	
	2023	2022	Amount	%
Sales and marketing	$ 5,585	$ 6,186	$ (601)	(10)%

The decrease in sales and marketing expense during the three months ended March 31, 2023 versus the same period in 2022 was primarily due to the decrease in personnel and compensation related expenses of $1,638, mainly attributable to a decrease in headcount and a decrease in marketing expense of $680 as part of cost saving measures implemented by the Company in light of its financial position and the focus on achieving Start of Production; partially offset by an increase in stock based compensation of $552 mostly related to the portion of stock options measured at fair value through the increase in authorized shares on February 28, 2023 and partially offset by a decrease in headcount coupled with a decreased in the Company's stock price; and an increase in rent of $530 due to entering into new office leases agreements at the end of the first quarter of 2022 and; an increase in software subscription expense as the Company prepares the infrastructure for production.

General and Administrative

	Three Months Ended March 31,		Change	
	2023 (As Restated)	2022	Amount	%
General and administrative	$ 26,513	$ 27,880	$ (1,367)	(5)%

The decrease in general and administrative expense during the three months ended March 31, 2023 versus the same period in 2022 was primarily due to the decrease in stock based compensation of $228 mostly related to the portion of stock options measured at fair value through the increase in authorized shares on February 28, 2023, and partially offset by a decrease in headcount coupled with a decreased in the Company's stock price; an increase in insurance expense of $3,648 due to increased premiums associated with a new D&O policy entered into in the third quarter of 2022; an increase of $628 due to entering into new office leases agreements at the end of the first quarter of 2022; and an increase in depreciation expense of $0 from increased capital expenditures related to Start of Production; partially offset by a decrease in professional service expense of $4,459 due to the conclusion of the Special Committee Investigation in 2022; and a decrease in personnel and compensation related expenses of $1,414 due to a decrease in headcount as part of cost saving measures implemented by the Company in light of its financial position and the focus on achieving Start of Production.

Loss on disposal of property and equipment

	Three Months Ended March 31,		Change	
	2023	2022	Amount	%
Loss on disposal of property and equipment	$ 3,698	$ —	$ 3,698	100 %

The increase in loss of disposal on property and equipment is due to the write off of $3,698 of certain construction in process assets that are not expected to be used as part of Start of Production.

Change in fair value of earnout liability

	Three Months Ended March 31,		Change	
	2023 (As Restated)	2022	Amount	%
Change in fair value of earnout liability	$ 2,764	$ —	$ 2,764	100 %

As of December 31, 2022, the Company reclassified the earnout shares from equity classification to liability classification as a result of the Company having insufficient authorized shares to share-settle the earnout, which was previously determined to be equity classified under ASC 815-40. As a result of the reclassification, the Company reclassified $2.2 million out of Additional paid-in capital into the Earnout liability, which is included in Other current liabilities on the Consolidated Balance Sheet as of December 31, 2022. On February 28, 2023, upon shareholder approval to increase the Company's authorized shares, the Company had sufficient authorized shares to fully settle all outstanding equity-linked financial instruments. Accordingly, the Company reclassified the fair value of the Earnout liability of $5.0 million into Additional paid-in capital. The $2.8 million increase in the Earnout liability from December 31, 2022 to February 28, 2023 was recognized as expense in the Condensed Consolidated Statement of Operations and Comprehensive Loss.

Change in Fair Value of Notes Payable and Warrant Liabilities

	Three Months Ended March 31,		Change	
	2023 (As Restated)	2022	Amount	%
Change in fair value of notes payable and warrant liabilities	$ 48,135	$ 1,186	$ 46,949	(3,959)%

The change in fair value measurements for the three months ended March 31, 2023 is primarily due to notes payable and warrants that were measured at fair value in the comparative period in 2022 and were revalued during 2023 at predominantly lower fair values due to pricing inputs that use the market price of the Company's Common Stock which has experienced a decline. Additionally, during the three months ended March 31, 2023, the Company recognized a gain in the change in fair value of warrant liabilities of $33.8 million. During the three months ended March 31, 2022, the Company did not have material liability-classified warrants with changes in fair value included in earnings.

Interest Expense

	Three Months Ended March 31,		Change	
	2023 (As Restated)	2022	Amount	%
Interest expense	$ (292)	$ (3,746)	$ 3,454	92 %

The decrease in interest expense during the three months ended March 31, 2023 was primarily due to the Company's repayment of $85.0 million of Ares notes payable principal and the conversion of $73.9 million of ATW NPA notes payable principal into the Company's Class A Common Stock in the year ended December 31, 2022. The Company's SPA Notes are carried at fair value and fluctuations in interest expense are included in the change in fair value of notes payable.

Related Party Interest Expense

	Three Months Ended March 31,		Change	
	2023 (As Restated)	2022	Amount	%
Related party interest expense	$ —	$ (622)	$ 622	100 %

The decrease in related party interest expense for the three months ended March 31, 2023 as compared to the same period in 2022 was due to an agreement, dated December 27, 2022, with Chongqing Leshi Small Loan Co., Ltd, a related party, according to which it was agreed that a portion of principal and all outstanding accrued interest would be waived. The reduction in interest bearing debt and a lowered interest rate pursuant to the new agreement further contributed to this decrease.

Other (Expense) Income, Net

	Three Months Ended March 31,		Change	
	2023 (As Restated)	2022	Amount	%
Other (expense) income, net	$ 1,168	$ (915)	$ 2,083	363 %

The change in other (expense) income, net of $2,083 was primarily due to foreign currency transaction losses resulting from the revaluation of transactions denominated in currencies other than U.S. Dollars that are remeasured at the end of each period.

Loss on Settlement of Notes Payable

	Three Months Ended March 31,		Change	
	2023 (As Restated)	2022	Amount	%
Loss on settlement of notes payable	$ (98,136)	$ —	$ (98,136)	N/M

The loss on settlement of notes payable during the three months ended March 31, 2023 is primarily due to a $95.1 million loss on settlement of SPA Notes due to their conversion into Class A Common Stock. In the prior period the Company did not have notes payable that settled at a loss.

Liquidity and Capital Resources

As described in the "Overview" section of this MD&A, the COVID-19 pandemic impacted FF's ability to raise funds and may have a material adverse impact on future periods as FF prepares to bring its vehicles to market, including its cash flows from financing activities, which fund its operations. The extent of COVID-19's impact on FF's liquidity will depend upon, among other things, the duration and severity of the outbreak or subsequent outbreaks and related government responses, such as required physical distancing, restrictions on business operations and travel, the pace of recovery of economic activity and the impact to consumers, all of which are uncertain and difficult to predict. In addition, FF's ability to raise additional funds is subject to a number of other material risks and assumptions. Refer to the section titled "*Risk Factors*" in the Form 10-K for a full discussion of the risks associated with the COVID-19 pandemic.

As of March 31, 2023, the Company's principal source of liquidity was cash on hand totaling $31.8 million, which was held for working capital and general corporate purposes.

FF announced the start of production of the FF 91 Futurist on March 29, 2023, and FF's first production FF 91 Futurist vehicle came off the line on April 14, 2023. FF has developed a three-phase delivery plan for the FF 91 Futurist. The first phase is expected to begin at the end of May 2023, and the second phase is expected to begin at the end of the second quarter of 2023, followed by the third phase. The first phase is the "Industry Expert Futurist Product Officer (FPO) Co-Creation Delivery." In this first phase, the Industry Expert FPO(s) will pay in full for an FF 91 vehicle in order to reserve the vehicle and be trained in the use of the vehicle. The reserved FF 91 vehicle will be delivered to the FPO at the beginning of the second phase. Delivery of the reserved FF 91 vehicle will occur at the beginning of phase two. The second phase is the "FPO Co-Creation Delivery." In this second phase, FPO(s) will take possession of the FF 91 vehicle. The third phase is the "Full Co-Creation Delivery." In this third phase, FF will deliver FF 91 vehicles to all spire users that pay in full for an FF 91 vehicle.

The successful beginning of the second phase is contingent on receiving parts on our required timeframes and completion of requisite tests. Further, FF expects to need substantial additional financing to start the third phase of the delivery plan and is in discussions with additional potential investors to obtain such financing. As FF executes the three-phase delivery plan, it plans to continue to move vehicles into production and off-the-line with high quality and high product power. There is no assurance FF will be able to timely receive sufficient funding under existing or new financing commitments to produce and deliver the FF 91 Futurist on that timeline or at all. If unable to receive sufficient funding, FF will be required to obtain new financing commitments, which may not be available to it under reasonable commercial terms. Further, there cannot be any assurance that FF will be able to develop the manufacturing capabilities and processes, or secure reliable sources of component supply to meet the quality, engineering, design or production standards, or to meet the required production volumes to successfully grow into a viable, cash flow positive, business.

On March 29, 2023, FF announced the start of production of the FF 91 Futurist and, on April 14, 2023, FF's first production FF 91 Futurist vehicle came off the line. Since August 14, 2022, the Company has obtained commitments from several investors totaling $267.0 million in convertible note financing and in committed forced warrant exercise proceeds, subject to certain conditions. A total of $220.3 million under these commitments has been funded to date ($193.3 million net of original discount and transaction costs). Of the remaining balance of $46.7 million, an amount of $20.0 million is committed and contingent upon delivery of the FF 91 Futurist to the first batch of bona fide customers, and an amount of $15.0 million is expected to be funded within five business days after the satisfaction or waiver of certain conditions, including for a portion of such financing an effective registration statement for the shares underlying the applicable notes. In addition, the Company had the right to force the exercise of the warrants underlying the Warrant Reserve, as such term is defined in Note 13, *Stockholders' Equity*, in the notes to the unaudited Condensed Consolidated Financial Statements for the three months ended March 31, 2023 included elsewhere in this Report, for a total exercise price of $20.0 million in cash ($10.6 million remaining to be funded to the Company), upon the completion of certain milestones and conditions. The right to force exercise of the Warrant Reserve expired upon the holders exercising their warrants during 2023. In 2023 to date, Senyun, RAAJJ and a purchaser affiliated with ATW Partners LLC exercised their respective options to purchase additional senior secured notes and the accompanying SPA Warrants of the Company. The Company received aggregated gross proceeds of $38.0 million ($32.9 million net of original issuance discount) in exchange for such issuances.

Further, pursuant to the SEPA, the Company has the sole right, but not the obligation, to direct Yorkville from time to time to purchase up to $200.0 million of Class A Common Stock during the commitment period ending November 11, 2025, with an option to increase such amount to $350.0 million at FF's option. On February 28, 2023, the stockholders approved, as is required by the applicable Nasdaq rules and regulations, advances of Class A Common Stock to be issued under the SEPA, including the issuance of any shares in excess of 19.99% of the issued and outstanding shares of Common Stock.

On May 8, 2023, the Company entered into the Unsecured SPA with the Unsecured SPA Purchasers to issue and sell, subject to the satisfaction of certain closing conditions, $100.0 million aggregate principal amount of the Company's senior unsecured convertible promissory notes. On May 10, 2023 the Company received gross proceeds pursuant to the Unsecured SPA totaling $3.3 million ($3.0 million net of original issuance cost). The Unsecured SPA Purchasers committed to fund in eight subsequent closings fifteen days apart, subject to the satisfaction of certain closing conditions. In addition, any Unsecured SPA Purchaser may postpone or cancel any closing pursuant to the Unsecured SPA in its reasonable discretion if it reasonably determines, based on public information, that the first phase of the Company's three-phase delivery plan as disclosed in public filings has not begun or will not begin prior to May 31, 2023 and/or the second phase of such delivery plan has not begun or will not begin prior to June 30, 2023, in each case within 15 calendar days of such deadline. See Note 16, *Subsequent Events* for more information regarding the Unsecured SPA.

FF has received third party beneficiary rights in equity commitment letters with FF Global and the sole stockholder of V W Investment Holding Limited to be able to compel the closing or seek damages subject to the limitations set forth therein. In the event of a breach by such investors of their obligations under their equity commitment letters with the Company, the Company may not be able to recover the damages caused by, or receive the funding due to, such breach.

The Company has continued financing discussions with multiple parties, but has experienced delays in securing additional funding commitments, which have exacerbated the supply chain pressures on FF's business. Additionally, certain investors under the SPA may not fund their commitments until the Company increases the number of authorized shares of its Class A Common Stock and registers the securities underlying the SPA Warrants and SPA Notes in an effective registration statement. Furthermore, there can be no assurance that FF would be able to satisfy the closing conditions under the Unsecured SPA or that FF will be able further to successfully obtain additional incremental convertible senior secured note purchasers under the SPA or other debt or equity financing in a timely manner or on acceptable terms, if at all, and there is no assurance that the closing conditions under the Unsecured SPA would be satisfied. These factors, in addition to the continued rise in inflation and other challenging macroeconomic conditions, have led FF to take steps to preserve its current cash position, including reducing spending, extending payment cycles and implementing other similar measures. If our ongoing capital raising efforts are unsuccessful or significantly delayed, or if we experience prolonged material adverse trends in our business, our production will be delayed or decreased, and our actual use of cash, production volume and revenue for 2023 will vary from our previously disclosed forecasts, and such variances may be material. While FF continues to be actively engaged in negotiations with potential financing sources, there is no guarantee that it will be able to raise further additional capital on terms acceptable to it or at all. In addition to the risk that FF's assumptions and analyses may prove incorrect, the projections may underestimate the professional fees and other costs to be incurred related to the pursuit of various financing options currently being considered and ongoing legal risks. Incremental capital needs beyond 2023 to fund development of the Company's remaining product portfolio will be highly dependent on the market success and profitability of the FF 91 and the Company's ability to accurately estimate and control costs. Apart from the FF 91 series, substantial additional capital will be required to fund operations, research, development, and design efforts for future vehicles.

Despite the access to liquidity resulting from the SEPA and the unfunded commitments from the SPA, and the Unsecured SPA, the Company projects that it will require additional funds in order to continue operations and support the ramp-up of production of the FF 91 to generate revenues to put the Company on a path to cash flow break-even. Incremental capital needs beyond March 2023 to fund operations and the development of the Company's remaining product portfolio and ramp up production will be highly dependent on the market success and profitability of the FF 91 and the Company's ability to accurately estimate and control costs.

Since its formation, the Company has devoted substantial effort and capital resources to strategic planning, engineering, design, and development of its electric vehicle platform, development of initial electric vehicle models, and capital raising. Since inception, the Company has incurred cumulative losses from operations, negative cash flows from operating activities, and has an accumulated deficit of $3,671.7 million as of March 31, 2023. After the closing of the Business Combination and the PIPE Financing on July 21, 2021, the Company received gross proceeds aggregating $991.0 million which it used to settle certain liabilities and the remainder of which management has used to finance the ongoing operations of the business.

The Company has funded its operations and capital needs primarily through the net proceeds received from capital contributions, the issuance of related party notes payable and notes payable (see Note 9, *Related Party Notes Payable* and Note 10, *Notes Payable*, the sale of Preferred and Common Stock (see Note 13, *Stockholders' Equity)* and the net proceeds received from the Business Combination and the PIPE Financing (see Note 1, *Nature of Business and Organization and Basis of Presentation*).

The Company's ongoing liquidity needs will depend on the extent to which the Company's actual costs vary from the Company's estimates and the Company's ability to control these costs, as well as the Company's ability to raise additional funds. The timely achievement of the Company's operating plan as well as its ability to maintain an adequate level of liquidity are subject to various risks associated with the Company's ability to continue to successfully close additional sources of funding, control and effectively manage its costs, as well as factors outside of the Company's control, including those related to global supply chain disruptions, the rising prices of materials, potential impact of the COVID-19 pandemic, and general macroeconomic conditions. Refer to the section titled "*Risk Factors*" of the Form 10-K, as updated in this Report, for a full discussion of the risks. The Company's forecasts and projections of working capital reflect significant judgment and estimates for which there are inherent risks and uncertainties. The Company expects to continue to generate significant operating losses for the foreseeable future. The plans are dependent on the Company being able to continue to raise significant amounts of capital through the issuance of additional notes payable and equity securities.

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

There can be no assurance that the Company will be successful in achieving its strategic plans, that the Company's future funding raises will be sufficient to support its ongoing operations, or that any additional financing will be available in a timely manner or on acceptable terms, if at all or that the Company will be able to satisfy the closing conditions under its financing agreements. If events or circumstances occur such that the Company does not meet its strategic plans, the Company will be required to reduce discretionary spending, alter or scale back vehicle development programs, be unable to develop new or enhanced production methods, or be unable to fund capital expenditures. Any such events would have a material adverse effect on the Company's financial position, results of operations, cash flows, and ability to achieve its intended business objectives.

Significant Related Party Notes Payable and Notes Payable Facilities

The Company has been significantly funded by notes payable from related parties and third parties. The related parties include employees as well as affiliates of employees and affiliates and other companies controlled or previously controlled by the Company's founder and Chief Product and User Ecosystem Officer.

The following tables summarize the outstanding related party notes payable and notes payable as well as the related schedules of maturities of the related party notes payable and notes payable. See Note 9, *Related Party Notes Payable* and Note 10, *Notes Payable* in FF's unaudited Condensed Consolidated Financial Statements.

Related party notes payable consists of the following as of March 31, 2023 (dollars in thousands):

Note Name	Contractual Maturity Date	Contractual Interest Rates	Balance as of March 31, 2023 (As Restated)	Interest Expense for the Three Months Ended March 31, 2023 (As Restated)
Related party notes - China (as restated)	December 31, 2023	12.0%	$ 5,273	$ —
Related party notes – China various other	Due on Demand	—%	3,928	—
			$ 9,201	$ —

Schedule of Principal Maturities of Related Party Notes Payable (dollars in thousands):

The future scheduled principal maturities of related party notes payable as of March 31, 2023 were as follows (dollars in thousands):

Due on demand	$ 3,928
2023 (as restated)	5,273
	$ 9,201

Related party notes payable consists of the following as of December 31, 2022 (dollars in thousands):

Due on demand	$ 3,755
2023 (as restated)	5,209
	$ 8,964

The Company has entered into notes payable agreements with third parties, which consists of the following as of March 31, 2023 (dollars in thousands):

	March 31, 2023						
Note Name	Contractual Maturity Date	Contractual Interest Rates	Unpaid Principal Balance	Fair Value Measurement Adjustments	Original issue discount and proceeds allocated to warrants	Net Carrying Value	Interest Expense for the Three Months Ended March 31, 2023
Bridge Notes [(1)]	Various	11%-15%	$ 165,034	$ (37,937)	$ (34,432)	$ 92,665	$ —
Notes payable – China other	Due on Demand	—%	5,065	—	—	5,065	—
Auto loans	October 2026	7%	94	—	—	94	2
			$ 170,193	$ (37,937)	$ (34,432)	$ 97,824	$ 2

	December 31, 2022							
Note Name	**Contractual Maturity Date**	**Contractual Interest Rates**	**Unpaid Principal Balance**	**Fair Value Measurement Adjustments**	**Original issue discount and proceeds allocated to warrants**	**Net Carrying Value**	**Interest Expense for the three months Ended March 31, 2022 (As Restated)**	**Accrued Interest (As Restated)**
Bridge Notes (as restated) [(1)]	October 27, 2028	10%	$ 36,622	$ 264	$ (10,878)	$ 26,008	$ —	$ —
Notes payable – China other	Due on Demand	—%	4,997	—	—	4,997	—	—
Auto loans	October 2026	7%	100	—	—	100	—	—
			$ 41,719	$ 264	$ (10,878)	$ 31,105	$ —	$ —

Schedule of Principal Maturities of Notes Payable

The future scheduled principal maturities of notes payable as of March 31, 2023 are as follows (dollars in thousands):

Due on demand	$ 5,065
2023	—
2024	—
2025	41,000
2026	94
2027	—
Thereafter	124,034
	$ 170,193

Cash Flow Analysis

Presented below is a summary of FF's cash flows for the periods indicated (dollars in thousands):

	Three Months Ended March 31,	
	2023	**2022**
Net cash provided by (used in)		
Operating activities	$ (102,980)	$ (122,364)
Investing activities	(16,873)	(44,398)
Financing activities	134,443	(85,676)
Effect of exchange rate changes on cash and restricted cash	170	(653)

Operating Activities

FF continues to experience negative cash flows from operations as FF designs and develops its vehicles and builds its infrastructure both in the United States and China. FF's cash flows from operating activities are significantly affected by FF's cash investments to support the growth of FF's business in areas such as research and development associated with FF's electric vehicles, corporate planning, and general and administrative functions. FF's operating cash flows are also affected by its working capital needs to support growth and fluctuations in personnel-related expenditures, accounts payable, accrued interest, other current liabilities, deposits, and other current assets.

Net cash used in operating activities was $(103.0) million and $(122.4) million for the three months ended March 31, 2023 and 2022, respectively. The largest components of FF's cash used by operating activities during the three months ended March 31, 2023, were for professional and contracted services totaling $12.5 million, and compensation, benefits and related expenses totaling $26.3 million. The largest components of FF's cash used by operating activities during the three months ended March 31, 2022, were $33.6 million for wages and compensation related expenses, and $9.4 million for professional services. Other movements in both periods were related to changes in working capital.

Investing Activities

Net cash used in investing activities was $(16.9) million and $(44.4) million for the three months ended March 31, 2023, and 2022, respectively, related to acquisition of fixed assets.

Financing Activities

Net cash provided by (used in) financing activities was $134.4 million and $(85.7) million for the three months ended March 31, 2023, and 2022, respectively.

Net cash provided by financing activities during the three months ended March 31, 2023, primarily consists of $131.8 million in proceeds from notes payable, net of original issue discount and $4.1 million in proceeds from the exercise of warrants, partially offset by $(1.1) million in payments of finance lease obligations.

Net cash used in financing activities during the three months ended March 31, 2022, primarily consists of $(87.1) million in repayment of notes payable, including liquidation premiums, and $(0.5) million in payments of finance lease obligations partially offset by $1.9 million in proceeds from exercise of stock options.

Effect of Exchange Rate Changes on Cash and Restricted Cash

The exchange rates effect on Cash and Restricted cash was $0.2 million and $(0.7) million for the three months ended March 31, 2023 and 2022, respectively. The effects of exchange rate changes on cash and restricted cash result from fluctuations on the translation of assets and liabilities denominated in foreign currencies, primarily Chinese Renminbi. Fluctuations in exchange rates against the U.S. dollar may positively or negatively affect FF's operating results.

Critical Accounting Estimates

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

Actual results may differ from these estimates under different assumptions or conditions. Changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from the estimates made by FF's management. To the extent that there are material differences between these estimates and actual results, future financial statement presentation, financial condition, results of operations, and cash flows will be affected. Given the global economic climate and unpredictable nature and unknown duration of the COVID-19 pandemic, estimates are subject to additional variability and volatility.

Accounting estimates and assumptions are evaluated on an ongoing basis, which are discussed in more detail under the section titled "*Critical Accounting Policies and Estimates*" in *Management's Discussion and Analysis of Financial Condition and Results of Operations*, set forth in Part II, Item 7, of our 2022 Annual Report on Form 10-K filed on March 9, 2022, as well as in Note 1, *Nature of Business and Organization and Basis of Presentation* of the Notes to the unaudited Condensed Consolidated Financial Statements for discussion of estimates related to accounting pronouncements recently adopted.

For a description of FF's significant accounting policies, see Note 1, *Nature of Business and Organization and Basis of Presentation* of the Notes to Consolidated Financial Statements included in the Form 10-K. An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the Consolidated Financial Statements.

Recent Accounting Pronouncements

See Note 1, *Nature of Business and Organization and Basis of Presentation* in the Notes to the unaudited Condensed Consolidated Financial Statements for a discussion about accounting pronouncements recently adopted and recently issued, but not yet adopted.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

FF’s disclosure controls and procedures are designed to ensure that information required to be disclosed by the issuer in the reports that FF files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms, and that such information is accumulated and communicated to management, including its Chief Executive Officer and Interim Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Based on an evaluation of FF’s disclosure controls and procedures (as defined in rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended), FF’s Global Chief Executive Officer and Chief Accounting Officer and Interim Chief Financial Officer (its principal executive officer and principal financial and accounting officer, respectively) have concluded that FF’s disclosure controls and procedures were not effective as of March 31, 2023, due to the material weaknesses in our internal control over financial reporting described below.

Material Weaknesses in Internal Control Over Financial Reporting (As Restated)

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

- FF did not design and maintain an effective control environment commensurate with its financial reporting requirements. Specifically, FF lacked a sufficient number of professionals with an appropriate level of accounting knowledge, training, and experience to appropriately analyze, record, and disclose accounting matters timely and accurately. Additionally, management did not establish formal reporting lines in pursuit of its objectives. Further, the lack of a sufficient number of professionals resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of its financial reporting objectives, as demonstrated by, among other things, insufficient segregation of duties in its finance and accounting functions.

- FF did not design and maintain effective controls in response to the risks of material misstatement. Specifically, changes to existing controls or the implementation of new controls were not sufficient to respond to changes to the risks of material misstatement to financial reporting due to growth in the business.

- FF did not design and maintain effective controls for communicating and sharing information between the legal, capital markets, and accounting and finance departments. Specifically, the accounting and finance departments were not consistently provided the complete and adequate support, documentation, and information including the nature of relationships with certain counterparties to record transactions within the financial statements timely, completely, and accurately.

These material weaknesses contributed to the following additional material weaknesses:

- FF did not design and maintain effective controls to address the identification of and accounting for certain non-routine, unusual or complex transactions, including the proper application of U.S. GAAP to such transactions. Specifically, FF did not design and maintain controls to timely identify and account for convertible notes under the fair value option, warrant liabilities, embedded derivatives related to convertible notes, impute interest on related party notes payable with interest rates below market rates, account for failed sale leaseback transactions, and account for warrant instruments.

- FF did not design and maintain formal accounting policies, procedures, and controls to achieve complete, accurate, and timely financial accounting, reporting, and disclosures, including controls over the period-end financial reporting process addressing areas including financial statement and footnote presentation and disclosures, account reconciliations and journal entries, including segregation of duties, assessing the reliability of reports and spreadsheets used in controls, and the timely identification and accounting for cut-off of expenditures.

These material weaknesses resulted in adjustments primarily related to expense cut-off and the associated accounts including operating expenses, accounts payable and accruals, property and equipment, convertible notes payable and interest expense and related financial disclosures, which were recorded as of and for the year ended December 31, 2019. These material weaknesses also resulted in adjustments primarily related to the extinguishment of a noncontrolling interest, accounts payable, vendor payables in trust and adjustments to the statement of cash flows which were recorded as of and for the year ended December 31, 2019 as well as disclosure errors related to the anti-dilutive shares excluded from the calculation of diluted net loss per share, deferred tax assets and related valuation allowance, accrued interest for certain notes payable, and the fair value of the Vendor Trust as of December 31, 2019. Refer to Note 3 to FF's Consolidated Financial Statements for the year ended December 31, 2020, included in its Registration Statement on Form S-4 (File Number 333-255027), initially filed with the SEC on April 5, 2021 as amended. Additionally, the material weakness related to accounting for warrant instruments resulted in the restatement of the previously issued financial statements as disclosed in Note 2 to PSAC's Consolidated Financial Statements for the year ended December 31, 2020 within PSAC's Annual Report on Form 10-K/A, of the entity acquired as part of the July 21, 2021 merger agreement related to warrant liabilities and equity. Finally, these material weaknesses resulted in the restatement of the Company's previously filed financial statements as of and for the year ended December 31, 2022 and for the quarterly periods ended March 31, 2023 and September 30, 2022 (see Note 2, Restatement) primarily due to an error stemming from a non-cash and non-operating item related to the change in the fair value upon conversion of the notes payable issued under the Company's debt arrangements.

- FF did not design and maintain effective controls over information technology ("IT") general controls for information systems that are relevant to the preparation of its financial statements, specifically, with respect to: (i) program change management controls to ensure that IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized, and implemented appropriately; (ii) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate company personnel; and (iii) computer operations controls to ensure that critical batch jobs are monitored and data backups are authorized and monitored. These IT deficiencies did not result in a material misstatement to the consolidated financial statements, however, the deficiencies, when aggregated, could result in material misstatements potentially impacting all financial statement accounts and disclosures.

In connection with the Special Committee investigation, and the completion of additional investigative and remedial work based on Special Committee findings, which were performed under the direction of the newly-appointed Executive Chairperson, reporting to the Audit Committee, additional material weaknesses were identified in FF's internal control over financial reporting (as disclosed in Note 3 to FF's consolidated financial statements for the years ended December 31, 2021 and 2020 included in FF's Annual Report on Form 10-K for the fiscal year ended December 31, 2021). Specifically, in addition to the material weaknesses described above relating to management not establishing formal reporting lines in pursuit of its objectives as well as maintaining effective controls for communicating and sharing information between the legal, capital markets, and accounting and finance departments, the following material weaknesses were identified:

- FF did not maintain an effective control environment or demonstrate a commitment to maintain integrity and ethical values. Specifically, certain members of senior management failed to reinforce the need for an attitude of compliance and internal control awareness with certain of FF's governance, accounting and finance policies and procedures. This resulted in the inaccurate and incomplete disclosures of certain relationships, arrangements, and transactions.

This material weakness contributed to the following additional material weakness:

- FF did not design and maintain effective controls related to the identification and disclosure of certain arrangements and transactions with related parties.

The material weaknesses identified in connection with the Special Committee investigation resulted in the revision of the Company's previously filed financial statements as of and for the period ended December 31, 2020 (as disclosed in Note 9 to FF's Annual Report on Form 10-K for the fiscal year ended December 31, 2021) and for the periods ended March 31, 2021 (as disclosed in Note 1 to FFIE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022) and June 30, 2021 (as disclosed in Note 1 to FFIE's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022) related to notes payable, related party notes payable, accrued interest, related party accrued interest, interest expense, and related party interest expense.

Additionally, each of the material weaknesses described above could result in a material misstatement to substantially all of our accounts or disclosures.

Remediation Plan for Material Weaknesses in Internal Control Over Financial Reporting

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

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

- FF implemented certain new accounting policies and procedures, and an IT system relevant to the preparation of our financial statements to improve communication of key areas across the different departments at FF and to provide adequate structure, accountability, and segregation of duties;

- FF appointed Ms. Becky Roof as Interim Chief Financial Officer (CFO) and engaged an affiliate of AlixPartners LLP to accelerate implementation of Special Committee recommendations including, but not limited to remediation of the material weaknesses in internal control over financial reporting. On October 12, 2022, Ms. Roof resigned from FF upon the successful completion of key milestones in FF's reporting and fundraising activities, on October 22, 2022, the Company appointed Ms. Yun Han as Chief Accounting Officer and Interim CFO, effective as of October 25, 2022, on July 5, 2023, Ms. Han resigned from her positions as Interim Chief Financial Officer, principal financial officer and principal accounting officer (but will continue in her role as Chief Accounting Officer), and on July 11, 2023, the Board appointed Jonathan Maroko as Interim Chief Financial Officer, principal financial officer and principal accounting officer effective as of July 24, 2023. Ms. Han's responsibilities include, but are not limited to, the remediation of the material weaknesses in internal control over financial reporting;

- FF implemented enhanced controls around FF's related party transactions, including regular attestations;

- FF removed Mr. Yueting Jia, FF's founder, as an Executive Officer, although he continued in his position as Chief Product & User Ecosystem Officer of FFIE, reporting to the Chairperson with his role limited to focusing on (a) Product and Mobility Ecosystem and (b) Internet, Artificial Intelligence, and advanced R&D technology (however, as of February 26, 2023, this remedial measure is no longer being implemented as further discussed below);

- Functions previously dual-reporting to Mr. Jia and Mr. Breitfeld reported only to Ms. Swenson (but Mr. Jia remained involved in long-term strategy) (and following the resignation of Ms. Swenson on October 3, 2022, all FF management (including Mr. Jia) reported directly or indirectly to the Global CEO of FF (previously Dr. Breitfeld and currently Mr. Xuefeng Chen) indefinitely while the Board continues to evaluate the appropriate FF management reporting lines) (however, as of February 26, 2023, this remedial measure is no longer being implemented as further discussed below); and

- FF adopted an Insider Investment Reporting Policy to enhance internal reporting of related party transactions.

Our remediation activities are continuing during 2023, although certain of the remedial efforts described above are no longer applicable given recent developments. For instance, Ms. Swenson resigned from the Board on October 3, 2022. There have also been substantial changes to the composition of the Board as a result of the governance settlement entered into between FF and FF Global, as well as substantial turnover in key management personnel, including legal and compliance personnel, which could impact our ability to implement the above described remedial measures.

In addition, effective on February 26, 2023, certain departments within the Company report to both Mr. Jia and Mr. Xuefeng Chen, including the Company's user ecosystem, capital markets, human resources and administration, corporate strategy and China departments, subject to processes and controls to be determined by the Board after consultation with the Company's management. The Company's product, mobility ecosystem, I.A.I., and advanced R&D technology departments report directly to Mr. Jia, while the remaining departments continue to report to Mr. Xuefeng Chen. Further, based on the changes to his responsibilities within FF, the Board determined that Mr. Jia is an "officer" of the Company within the meaning of Section 16 of the Exchange Act, and an "executive officer" of the Company under Rule 3b-7 under the Exchange Act. FF has or is planning to put in place processes and controls to mitigate the risks associated with the changes in Mr. Jia's responsibilities as well as to enhance oversight and corporate governance, including but not limited to:

- segregating responsibilities and duties in the Company's user ecosystem, capital markets, human resources and administration, corporate strategy and China departments;

- requiring Board, or a designated committee of the Board, to approve the signing of financing agreements, the hiring, promoting or terminating vice presidents of the Company and above (including additional Section 16 officers), the approval of Company-wide compensation policies;

- hiring of a Compliance Officer with the title of Deputy General Counsel (hired in March 2023), who will report on a dotted line to the Chair of the Audit Committee; and

- engaged an external consulting firm in April 2023 to work in the capacity of an internal audit function (engaged in March 2023), who will report on a dotted line to the Chair of the Audit committee.

In addition to the above actions and in view of the governance changes that the Company implemented pursuant to the Heads of Agreement and Amended Shareholder Agreement and otherwise, FF expects to engage in additional activities, including, but not limited to:

- Continuing to hire key finance and accounting personnel as FF scales and until FF has sufficient technical accounting resources, combined with engaging external consultants to provide support and to assist us in our evaluation of more complex applications of U.S. GAAP and to assist us with documenting and assessing our accounting policies and procedures;

- Designing and implementing controls in response to the risks of material misstatement to identify and evaluate changes in our business and the impact on our internal controls;

- Designing and implementing controls for communicating and sharing information between legal, capital markets, and accounting to facilitate transactions being recorded timely and accurately;

- Designing and implementing formal processes, accounting policies, procedures, and controls supporting certain business processes and our financial close process, including creating standard balance sheet reconciliation templates and journal entry controls assessing the reliability of reports and spreadsheets used in controls; and the timely identification and accounting for cut-off of expenditures;

- Designing and implementing controls to address the identification of and accounting for certain non-routine, unusual or complex transactions;

- Designing and implementing controls related to the identification and disclosure of certain arrangements and transactions with related parties;

- Continuing to implement additional IT systems relevant to the preparation of our financial statements and controls over financial reporting to improve communication of key areas across the different departments at FF and to provide adequate structure, accountability, and segregation of duties; and

- Designing and implementing IT general controls, including controls over change management, the review and update of user access controls and controls over critical batch jobs and data backups.

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

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

We are working to remediate the material weaknesses as efficiently and effectively as possible and expect full remediation likely will go beyond December 31, 2023. At this time, we cannot provide an estimate of costs expected to be incurred in connection with implementing this remediation plan; however, these remediation measures will be time consuming, will result in FF incurring significant costs, and will place significant demands on our financial and operational resources.

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

Changes in Internal Control Over Financial Reporting

Other than as described in the preceding paragraphs, there have been no changes in internal control over financial reporting during the quarter ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, FF’s internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are party to litigation and subject to claims incident to the ordinary course of business. As our growth continues, we may become party to an increasing number of litigation matters and claims. The outcome of litigation and claims cannot be predicted with certainty, and the resolution of these matters could materially affect our future results of operations, cash flows, or financial position. Other than disclosed under Note 12, *Commitments and Contingencies* to FF's unaudited Condensed Consolidated Financial Statements included in this Report, we are not presently party to any legal proceedings that, in the opinion of management, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition, or cash flows.

ITEM 1A. RISK FACTORS

Factors that could cause our actual results to differ materially from those in this report include the risk factors described in our Annual Report on Form10-K/A for the year ended December 31, 2022 filed with the SEC on August 21, 2023. As of the date of this report, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K/A for the year ended December 31, 2022 filed with the SEC on August 21, 2023. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

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

None

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibits	Incorporation by Reference
3.1	Second Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Faraday Future Intelligent	Exhibit 3.1 to the Current Report on Form 8-K filed on March 3, 2023
10.1	Letter to Stockholders dated as of March 9, 2023	Exhibit 10.1 to the Current Report on Form 8-K filed on March 9, 2023
10.2	Amendment No. 7 to Securities Purchase Agreement, dated March 23, 2023, by and among Faraday Future Intelligent Electric Inc., FF Simplicity Ventures LLC, Senyun International Ltd., and FF Prosperity Ventures LLC	Exhibit 10.1 to the Current Report on Form 8-K filed on March 23, 2023
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
31.2*	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
101	Inline XBRL Document Set for the unaudited Condensed Consolidated Financial Statements and accompanying notes to unaudited Condensed Consolidated Financial Statements	
104	Cover Page Interactive Data File - formatted in Inline XBRL and included in Exhibit 101	

* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Faraday Future Intelligent Electric Inc.

Date: August 21, 2023

By:	/s/ Xuefeng Chen
Name:	Xuefeng Chen
Title:	Global Chief Executive Officer (Principal Executive Officer)
By:	/s/ Jonathan Maroko
Name:	Jonathan Maroko
Title:	Interim Chief Financial Officer (Principal Accounting and Financial Officer)

Exhibit 31.1

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

I, Xuefeng Chen, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Faraday Future Intelligent Electric Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) 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(s) 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.

/s/ Xuefeng Chen

Xuefeng Chen
Global Chief Executive Officer
(Principal Executive Officer)

Date: August 21, 2023

Exhibit 31.2

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

I, Jonathan Maroko, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Faraday Future Intelligent Electric Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) 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(s) 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.

/s/ Jonathan Maroko

Jonathan Maroko
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: August 21, 2023

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 of Faraday Future Intelligent Electric Inc. (the "Company") on Form 10-Q/A for the quarterly period ended March 31, 2023, as filed with the Securities and Exchange Commission (the "Report"), I, Xuefeng Chen, Global Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

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

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

/s/ Xuefeng Chen

Xuefeng Chen
Global Chief Executive Officer
(Principal Executive Officer)

Date: August 21, 2023

Exhibit 32.2

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 of Faraday Future Intelligent Electric Inc. (the “Company”) on Form 10-Q/A for the quarterly period ended March 31, 2023, as filed with the Securities and Exchange Commission (the “Report”), I, Jonathan Maroko, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

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

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

/s/ Jonathan Maroko

Jonathan Maroko
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: August 21, 2023