



**Faraday Future Intelligent Electric Inc.
First Quarter 2022 Earnings Call Script
5:00 pm EST, May 23, 2022
Los Angeles, CA**

Q1 2022 Earnings Call Script

Mark Connelly, VP Investor Relations

Thank you and welcome everyone to Faraday Future's First Quarter 2022 Earnings Call. We filed our first quarter earnings report on Form 10-Q with the SEC today, May 23, 2022, and issued a press release summarizing those results.

Joining the call today from Faraday Future is our Global Chief Executive Officer, Dr. Carsten Breitfeld, and our Interim Chief Financial Officer, Becky Roof.

On today's call, we will provide an update on current business conditions, the status of our FF 91 vehicle program, and discuss our first quarter financial results.

You can find a copy of the Form 10-Q and the Q1 2022 press release now, and a replay and transcript of this call later today, in the Investor Relations section of our website at investors.ff.com.

Please note that on this call, we will be making forward-looking statements based on current expectations and assumptions, which are subject to risks and uncertainties. These statements reflect our views only as of today, should not be relied upon as representative of views as of any subsequent date, and we undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements in light of new information or future events. These statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from expectations. For further discussion of the material risks and other important factors that could affect our financial results, please refer to our filings with the SEC.

With that, I will turn the call over to Dr. Carsten Breitfeld, Global CEO of Faraday Future.

Dr. Carsten Breitfeld, Global CEO

Thank you, Mark, and thank you everyone for joining us today. I would like to start by thanking Faraday Future's shareholders, employees, advisors, and suppliers for their commitment and support. As of today, I am happy to say, we are once again current with our quarterly financial filings, and we expect to file our S-1/A promptly.

I am also very happy to be able to introduce you to our Interim CFO, Becky Roof. Becky has extensive public and private company CFO experience, and we are delighted to have her here with us at Faraday Future. Becky brings exceptional experience and relationships that are helping us quickly strengthen and build our financial reporting and systems. Chuck McBride, who had served briefly as our CFO, left the company for health reasons. Our Board has a search for a permanent CFO underway, but our most



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critical finance priority right now is to strengthen our systems and our processes, and Becky is making that happen.

To begin, I am going to briefly discuss the Special Committee review which was recently completed and the additional remediation actions that are being implemented. Then I will review our first quarter progress, and bring you up to date on our path to launching the FF 91 later this year. Then I will pass the call to Becky to discuss our Q1 results. So, let's get started.

In the fourth quarter of 2021, our Board of Directors formed a Special Committee to investigate allegations of inaccurate Company disclosures. That investigation resulted in a significant delay in the filing of our Q3 2021 financials, and our full-year 2021 financials. That investigation was completed in April, and our quarterly and annual financial filings are once again current.

The Special Committee concluded that, except as described in the Company's Form 8-K filed on February 1, 2022, other substantive allegations of inaccurate disclosures that the Special Committee evaluated, including those made in the short seller report, were not supported by the evidence reviewed. However, the Special Committee did identify certain issues including inconsistencies in statements that were made to some investors, weaknesses in some internal controls, and in our corporate compliance culture. These are detailed in the 8-K from February 1, 2022.

The Special Committee looked at an exceptionally wide range of issues and recommended a number of remedial actions which have either been implemented or are being implemented now. These remedial actions include certain employees being separated from the company, changes in the roles and responsibilities of certain other employees, disciplinary actions, changes in the way we collect and process information, and organizational changes. A summary of the Special Committee investigation and its findings can be found in our 2021 10-K, which we filed on May 13, 2022.

Speaking both as CEO and as a member of the Board, I sincerely believe that the remediation actions we have taken are a very positive step for our organization and for all our stakeholders. I want to thank Sue Swenson, our Executive Chairperson, who led the Special Committee, for her leadership, and the entire Board for their hard work and commitment to this important and necessary process. I truly believe that we are already a stronger and better company as a result of the investigation and the remediation actions we are taking.

Now let me turn to the First Quarter and our business progress.

I am very pleased to say that thanks to the exceptional dedication of our team, we continued to make impressive progress with our business plan. I am especially pleased by what I am seeing during my visits



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to our Hanford manufacturing plant, under the capable leadership of Matt Tall, our Head of Manufacturing, and his excellent team. With the major concrete work complete, we have been able to accelerate the pace of progress; the systems and equipment installation work has been first-rate, and we are very much on track.

We recently announced that we marked our fourth and fifth milestones. The fourth being production-intent vehicle builds for final engineering validation and certification, and the fifth – start of mechanical and electrical systems installation.

Back in February, we celebrated the completion of the first production-intent vehicle build at Hanford. If you have been following us on social media, you will have seen that several more production-intent vehicles are being assembled now. Each new production-intent vehicle is built for a specific purpose and use, and each one gets closer to the final product. We will be building many more over the next few months, for use in testing, validation, and also for marketing.

As we build more production-intent cars, you will begin to see more of them at outside events, and we are beginning already to ramp up our visibility. Currently, we are still dedicating most of our prototypes and production-intent vehicles to testing and validation, but by the end of the Second Quarter, we expect to have enough on hand to put them in front of potential buyers and investors more often. We will, of course, continue to welcome investors at our Hanford production facility and headquarters.

About 80% of the equipment we need at Hanford is already on-site, and the rest is on schedule to be delivered. Previously delivered equipment is being readied for installation. As a reminder, completion of equipment installation is the sixth and final milestone before the start of production. I want to thank our vendors, our contractors, our employees, and everyone else who has helped keep us on schedule during this very challenging period for the economy and our team.

The FF 91 program is on track and proceeding well, and we are also making important progress on our longer-term business plan. This includes the development of the FF 81 program. During the first quarter of 2022, we announced that Myoung Shin, an automotive manufacturer based in South Korea, has been contracted to manufacture the FF 81, which will be Faraday Future's first high volume vehicle. Myoung Shin is a parts supplier and automotive manufacturer for numerous OEMs and is located near Seoul, South Korea. Its plant in Gunsan, where the FF 81 will be manufactured, offers scale, flexibility, and attractive port access. Under the agreement, Myoung Shin will maintain sufficient manufacturing capabilities and capacity to supply FF 81 vehicles in accordance with Company forecasts.

Our agreement with Myoung Shin is capital-efficient, and a central part of our hybrid manufacturing strategy to reach high volume production quickly. We lease the Hanford plant where we will build the FF



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91, and Myoung Shin will provide the capital for the new plant in South Korea. This approach allows Faraday Future to leverage capital further and move much faster than if we built or owned the two plants ourselves.

In addition, I am very happy to announce that we have signed our lease for our first flagship store in Beverly Hills, CA. We have also chosen a designer and begun initial design work.

In our Third Quarter 2021 and full-year 2021 filings, we announced that we had 401 preorders as of March 31, 2022. Preorders are fully refundable, non-binding, paid deposits for the FF 91 Futurist Alliance and/or the FF 91 Futurist vehicles available initially for sale to customers in the US and China. FF 91 Futurist Alliance preorders require a \$5,000 deposit for customers in the US and an RMB 50,000 deposit for customers in China. FF 91 Futurist preorders require a \$1,500 deposit for customers in the US and an RMB 20,000 deposit for customers in China.

As of today, our preorder book is a reasonable match to our production expectations through 2022 year-end. As we begin to roll out our marketing program, I expect preorders to increase and keep pace with our production capacity. Keep in mind that the FF 91 is not a high-volume car – in 2023, for example, we expect to produce about six to eight thousand cars, as we ramp production - so we aren't looking to build an order book with preorders that we can't fill.

Our marketing program for the FF 91 is built around Faraday Future's unique User Ecosystem concept. Our marketing will be heavily online and rely on our branding campaign, our co-creation partners, and our user community. We plan to show our car at car shows and high-end consumer events and will be participating in a number of investor and consumer events to further showcase our production-intent vehicles. Potential customers are going to be seeing a lot more of us as we move closer to launch.

The last six months have been challenging, and I want to thank our employees who have continued to demonstrate exceptional commitment and dedication. The team kept us on track as we have navigated many internal and external challenges. In a tough environment, we are still making excellent progress.

Now I am going to turn the call over to our CFO, Becky Roof.

Becky Roof, CFO, Faraday Future

Thank you, Carsten.

It is great to be here with you today. I am excited to be working with you and with the entire Faraday Future team.



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As Carsten explained earlier, I am here as Interim CFO. I am a Managing Director with AlixPartners, a financial advisory and consulting firm that provides short term solutions to companies like Faraday Future. My mandate here is straightforward – get our filings up to date, put programs in place to address weaknesses in internal systems and controls, advance the capital raise process, and help Carsten and Sue identify a permanent CFO. Teams I led at Lordstown Motors and Eastman Kodak and elsewhere accomplished similar goals. In a relatively short time, I am happy to say that the team we have here has gotten our filings up to date and is making very good progress on our other priorities. While the team here at Faraday Future is smaller than it needs to be, it is very high quality, and we are building on a very solid foundation.

Our finance and accounting teams have been working exceptionally hard to get our filings up to date, and you should expect us to file our amended S-1/A shortly.

Faraday Future reported an operating loss of approximately \$149 million during the three months ended March 31, 2022, as compared to an operating loss of approximately \$19 million for the three months ended March 31, 2021. The increase was primarily driven by an increase in engineering, design, and testing (“ED&T”) services as the Company continued to re-engage suppliers and made significant purchases for ED&T services to progress the development of the FF 91; a significant increase in headcount and employee-related expenses; and an increase in professional services primarily related to the Special Committee Investigation. Net loss increased to approximately \$153 million during the three months ended March 31, 2022, as compared to an approximately \$76 million net loss for the three months ended March 31, 2021.

Turning to our balance sheet, total assets on March 31, 2022, were \$706 million, compared to \$907 million total assets on December 31, 2021. Total liabilities were approximately \$271 million, versus approximately \$340 million on December 31, 2021. Since its inception, the Company has incurred cumulative losses from operations and negative cash flows from operating activities, and the Company’s accumulated deficit was approximately \$3 billion as of March 31, 2022. The Company expects to continue to generate significant operating losses for the foreseeable future, as we continue to incur expenses before we generate meaningful revenue.

Cash as of March 31, 2022 was \$276 million. The decrease in cash from December 31, 2021 to March 31, 2022 was about as expected, given the pressure many companies in our industry are experiencing with logistics and materials costs, and included the scheduled and on-time repayment of a \$97 million note and accrued interest. The cash balance as of April 30, 2022 was \$222 million.

It was always our plan and expectation that we would raise additional funds to move beyond the initial launch of the FF 91, and while the delay in our financial filings delayed certain portions of our fundraising plans, we did make progress in the areas that were open to us. Now that we are current



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again, we are already ramping up our fundraising activities more broadly, to ensure that we have access to and consider the widest range of opportunities. We have been working actively with our financial advisors through this period, and I am pleased with where we are in that process.

With that, I will hand it back to Carsten.

Dr. Carsten Breitfeld, Global CEO

Thank you, Becky. Again, I am very happy to have you on our team.

I would like to wrap up with four simple reasons why we are excited about where Faraday Future is today:

- First, the changes we are making as a result of the Special Committee's work are already very clearly making us a stronger, better company.
- Second, our FF 91 program is on track and proceeding well, in a difficult external environment. The Hanford plant has achieved its first five milestones, testing, validation, and equipment installation are proceeding, and we are on track to launch the FF 91 in Q3 2022.
- Third, our agreement with Myoung Shin puts our high-volume program for FF 81 production on track with an attractive, asset-light strategy, in an ideal manufacturing location to address the mass market.
- And, most importantly, when we launch the FF 91 in the third quarter, Faraday Future will be the first truly high-end, luxury, intelligent EV manufacturer. We expect the FF 91 to set a new standard for both driver and passenger experience and to redefine customer expectations for the future of mobility.

Thank you for your time and interest in Faraday Future, and I look forward to providing you with further updates as we move closer to launch.

Mark Connelly, VP Investor Relations

Thank you, Carsten. Operator, we are ready to take questions.