

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

(Mark One)

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

For the fiscal year ended December 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

(State or other jurisdiction of
incorporation or organization)

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

(Address of Principal Executive Offices)

3711

(Primary standard industrial classification code
number)

84-4720320

(I.R.S. Employer
Identification Number)

90248

(Zip Code)

(424) 276-7616

Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	FFIE	The Nasdaq Stock Market LLC
Redeemable warrants, exercisable for shares of Class A Common Stock at an exercise price of \$2,760.00 per share	FFIEW	The Nasdaq Stock Market LLC

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12 (b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1 (b).

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

Based on the closing price as reported on the Nasdaq Stock Market, the aggregate market value of the registrant's Common Stock held by non-affiliates on June 30, 2023 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$297.6 million. Shares of Common Stock held by each executive officer and director and by each stockholder of more than 10% of any class of voting equity securities of the registrant have been

excluded from this calculation because such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of May 17, 2024, there were 439,674,662 shares of Class A Common Stock, \$0.0001 par value, and 266,670 shares of Class B Common Stock, \$0.0001 par value, issued and outstanding.

Table of Contents

	<u>Page</u>
<u>Part I</u>	
<u>Item 1.</u> <u>Business</u>	3
<u>Item 1A.</u> <u>Risk Factors</u>	30
<u>Item 1B.</u> <u>Unresolved Staff Comments</u>	82
<u>Item 2.</u> <u>Properties</u>	82
<u>Item 3.</u> <u>Legal Proceedings</u>	83
<u>Item 4.</u> <u>Mine Safety Disclosures</u>	83
<u>Part II</u>	
<u>Item 5.</u> <u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	86
<u>Item 6.</u> <u>Reserved</u>	85
<u>Item 7.</u> <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	86
<u>Item 7A.</u> <u>Quantitative and Qualitative Disclosures About Market Risk</u>	107
<u>Item 8.</u> <u>Financial Statements and Supplementary Data</u>	108
<u>Item 9.</u> <u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosures</u>	167
<u>Item 9A.</u> <u>Controls and Procedures</u>	167
<u>Item 9B.</u> <u>Other Information</u>	170
<u>Item 9C.</u> <u>Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</u>	
<u>Part III</u>	
<u>Item 10.</u> <u>Directors, Executive Officers and Corporate Governance</u>	172
<u>Item 11.</u> <u>Executive Compensation</u>	175
<u>Item 12.</u> <u>Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters</u>	183
<u>Item 13.</u> <u>Certain Relationships and Related Transactions, and Director Independence</u>	184
<u>Item 14.</u> <u>Principal Accounting Fees and Services</u>	197
<u>PART IV</u>	
<u>Item 15.</u> <u>Exhibits, Financial Statement Schedules</u>	198
<u>Item 16.</u> <u>Form 10-K Summary</u>	198
<u>Signatures</u>	207

Part I

Item 1. Business

Unless the context indicates otherwise, references in this Annual Report on Form 10-K for the year ended December 31, 2023 (this “Form 10-K”) to “FFIE” refer to Faraday Future Intelligent Electric Inc. (f/k/a Property Solutions Acquisition Corp.), a holding company incorporated in the State of Delaware, and not to its subsidiaries, and references herein to the “Company,” “FF,” “we,” “us,” “our” and similar terms refer to FFIE and its consolidated subsidiaries. We refer to our primary operating subsidiary in the U.S., Faraday&Future Inc., as “FF U.S.” We refer to all our subsidiaries organized in China (including Hong Kong) collectively as the “PRC Subsidiaries,” a complete list of which is set forth in Exhibit 21.1 to this Form 10-K forms a part. As of December 31, 2023, our only operating subsidiaries in mainland China and in Hong Kong are FF Automotive (China) Co. Ltd., Ruiyu Automotive (Beijing) Co., Ltd. and Shanghai Faran Automotive Technology Co., Ltd., each of which was organized in the PRC. The discussion of FF’s business and the electric vehicle industry below is qualified by, and should be read in conjunction with, the discussion of the risks related to FF’s business and industry detailed elsewhere in this Form 10-K.

Company Overview

FF is a California-based global shared intelligent mobility ecosystem company with a vision to disrupt the automotive industry.

With headquarters in Los Angeles, California, the Company designs and engineers next-generation intelligent, connected, electric vehicles. FF manufactures vehicles at its production facility in Hanford, California, with additional future production capacity needs addressed through a contract manufacturing partner in South Korea. FF is also exploring other potential contract manufacturing options in addition to the contract manufacturer in South Korea. The Company 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, the Company has created major innovations in technology and products, and a user centered business model. We believe these innovations will enable FF to set new standards in luxury and performance that will enhance quality of life and redefine the future of intelligent mobility.

FFIE is a holding company incorporated in the State of Delaware. As a holding company with no material operations of its own, FFIE conducts its operations through its operating subsidiaries. We currently have a majority of our operations in the U.S. conducted through our U.S.-domiciled operating subsidiaries. We also operate our business in the People’s Republic of China and plan to have significant operations in the future in both Mainland China and Hong Kong (together, “PRC” or “China”) through our subsidiaries organized in the PRC (collectively, the “PRC Subsidiaries”). Investors in FFIE’s Class A Common Stock (the “Class A Common Stock,” and with FFIE’s Class B Common Stock, the “Common Stock”) are investors solely of FFIE, a Delaware holding company. There are various risks associated with our current operating presence in China and the potential expansion of our operations in China (including Hong Kong), which is subject to political and economic influence from China. Recently, the Chinese government initiated a series of regulatory actions and made statements to regulate business operations in China with little advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies that seek to conduct offshore securities offering or to be listed overseas, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement. Since these statements and regulatory actions are new, it is highly uncertain how soon legislative or administrative regulation-making bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated if any, and the potential impact such modified or new laws and regulations will have on our business operations, our ability to accept foreign investments and to maintain FFIE’s listing on a U.S. exchange. The Chinese government may intervene or influence the operations of our PRC Subsidiaries, or at any time exert more control over offerings conducted overseas and foreign investment in China-based issuers in accordance with PRC laws and regulations, which could result in a material change in our operations and/or a material reduction in the value of our Class A Common Stock and warrants. Additionally, the governmental and regulatory interference could significantly limit or completely hinder our and our investors’ ability to offer or continue to offer our shares of Class A Common Stock to investors and cause the value of such securities to significantly decline or be worthless. For a detailed description of risks related to our PRC operations, see “*Risk Factors – Risks Related to FF’s Operations in China.*”

Technology

FF's technology innovations include its proprietary Variable Platform Architecture ("VPA"), propulsion system, and Internet, Autonomous Driving, and Intelligence ("I.A.I.") systems.

The VPA is a modular skateboard-like platform which can be sized to accommodate various motor and powertrain configurations, enabling fast and capital efficient product development for both the passenger and commercial vehicle segments. FF's propulsion system includes an industry-leading inverter design, and a propulsion system that provides a competitive edge in electric drivetrain performance. FF's advanced I.A.I. technology offers high-performance computing, high speed internet connectivity, Over-the-air ("OTA") updates, an open ecosystem for third party application integration, and an advanced autonomous driving-ready system, in addition to several other proprietary innovations that enable the Company to build a highly personalized user experience.

In 2023, FF completed the upgrade for the FF 91 Futurist vehicle from PT Gen 1.0 to PT Gen 2.0. This generational upgrade consisted of 26 significant upgrades to systems and core components of both the EV area (the vehicle) and the I.A.I. area (the advanced core of intelligence, autonomous driving and internet). The 13 key upgrades to the EV area include improvements to the powertrain, battery, charging, chassis, and interior, and the 13 key upgrades to I.A.I. include upgrades in computing, sensing, user interaction, and communication, as well as upgrades to the newest technology. Along with other vehicle performance improvements, FF's technology is designed to deliver superior acceleration of 2.27 seconds from 0 to 60 mph and safety.

In January 2024, FF delivered its first major OTA upgrades for the FF 91 2.0 since it began making deliveries, consisting of 752 new additions and 846 improvements. These upgrades and enhancements showcased a breakthrough in FF's user experience and technology and further reflected trends of "All-AI, All-Hyper, All-Ability, and user-focused Co-Creation value."

Since inception, FF has developed a differentiated portfolio of valuable intellectual property. As of December 31, 2023, the Company had been granted approximately 660 patents (with approximately a third issued in the U.S., and slightly less than two-thirds issued in China, and the remaining issued in other jurisdictions). These patents are issued to various FFIE entities, including Faraday Future, Faraday & Future, FF Automotive (China) Co., Ltd., Leka Automotive Intelligent Technology (Beijing) Co., Ltd., and LeEco Eco-Car (Zhejiang) Co., Ltd. Key patents include FF's inverter assembly, integrated drive and motor assemblies, methods and apparatus for generating current commands for an interior permanent magnet ("IPM") motor, and keyless vehicle entry system. These key patents will expire in 2035 and 2036.

Products

FF's B2C (business-to-consumer) passenger vehicle pipeline includes the FF 91 series, the FF 81 series, and the FF 71 series, each designed to target different passenger vehicle segments. In addition to passenger vehicles, and leveraging its VPA and other proprietary technology, FF plans to produce a Smart Last Mile Delivery ("SLMD") vehicle to address the high growth last mile delivery market. The FF 91 is the current production flagship model, and future pipeline models are contingent upon funding availability.

Each of the three passenger vehicle series is planned in two different configurations (the FF 91 also comes in a limited edition model). At the top end, the "Futurist" configurations will drive FF's core brand values (design, superior driving experience, and personalized user experience enabled through FF's unique I.A.I. technologies) to the fullest. Offering multiple configurations allows FF to participate in a wide price range within each vehicle series.

- The FF 91 series is designed to compete with Maybach, Bentley Bentayga, Lamborghini Urus, Ferrari Purosangue, Mercedes S-Class, Rolls Royce Spectre, Porsche Taycan, BMW 7-Series, etc. On May 31, 2023, FF launched the Ultimate AI TechLuxury FF 91 2.0 Futurist Alliance, as well as the eco product aiHypercar+, open for reservations in both the United States and China. On August 12, 2023, FF celebrated the delivery of the first FF 91 2.0 Futurist Alliance to the first Developer Co-Creator.
- FF 81 series, FF's second passenger vehicle, is envisioned to be a premium mass market electric connected vehicle positioned to compete against Tesla Model S and Model X, Nio ES8, BMW 5-series, and similar vehicles.

- FF 71 series, FF's mass market passenger vehicle, plans to integrate connectivity and advanced technology into a smaller vehicle size and positioned to compete against Tesla Model 3 and Model Y, BMW 3-series, and similar vehicles.

Product Positioning

All FF passenger vehicles will share common brand "DNA" of:

- Intelligence, Internet and connectivity;
- modern design: styling;
- superior driving experience: leading power, performance and driving range; and
- personalized user experience: space, comfort and internet experience

The flagship FF 91 series with its recent product and technology upgrade to PT Gen 2.0 will define the FF brand DNA. This DNA will carry over to FF 81 and FF 71 series vehicles at lower price points. With such brand DNA, FF believes its products will be ahead of competition in their respective segments in terms of design, driving experience, interior comfort, connectivity, and user experience.

Robust Hybrid Manufacturing Strategy

To implement a capital light business model, FF has adopted a hybrid global manufacturing strategy consisting of its refurbished manufacturing facility in Hanford, California and a collaboration with Myoung Shin, a contract manufacturing partner in South Korea. FF is also exploring other potential contract manufacturing options in addition to the contract manufacturer agreement in South Korea. The Company is also exploring the possibility of manufacturing capacity in China through a joint venture or other arrangement.

As of the date hereof:

- FFIE leased a 1.1 million square foot manufacturing facility in Hanford, California with an expected production capacity of approximately 10,000 vehicles per year; and
- FFIE 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. Pursuant to the agreement, Myoung Shin shall maintain sufficient manufacturing capabilities and capacity to supply FF 81 vehicles to FF in accordance with the Company's forecasts and purchase orders. FF 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.

Distribution Model

FF launched its first passenger vehicles in the U.S. in 2023. Additional markets may be added thereafter. FF plans to utilize a direct sales model integrating online and offline sales channels to drive sales and user (including customers, drivers, and passengers of FF vehicles) operations to continuously create value. FF's offline sales are planned through FF's self-owned stores as well as FF Partner-owned stores and showrooms. The self-owned stores are expected to help establish the FF brand and provide seamless vehicle purchase experience, while the partner-owned stores and showrooms will enable expansion of the sales and distribution network without substantial capital investment by FF.

FF's Competitive Strengths

FF's products, technology, team and business model provide strong competitive differentiation.

FF's proprietary VPA

FF's proprietary VPA is a skateboard-like platform that incorporates the critical components of an electric vehicle, and can be sized to accommodate various motor and powertrain configurations. This flexible modular design supports a range of consumer and commercial vehicles and facilitates rapid development of multiple vehicle programs to reduce cost and time to market.

Product performance with industry-leading propulsion technology

FF's propulsion system includes an industry-leading inverter design and proprietary drive propulsion system. FF's proprietary FF Echelon Inverter has the technological advantage of driving a large amount of current in a small space using proprietary parallel Insulated Gate Bipolar Transistors ("IGBTs"), achieving low inverter losses and high efficiency. The propulsion system has high torque accuracy with fast transient response. The electric motor drive units are fully integrated with the inverter, transmission and control unit to create industry-leading volume and design efficiency. Propelled by an integrated FF designed powertrain, FF's vehicles can achieve leading horsepower, efficiency, and acceleration performance as recently attested by the U.S. Environmental Protection Agency ("EPA") and California's Air Resources Board ("CARB") by confirming a range of 381 miles on a single charge and internally measured acceleration of 2.27 seconds from 0 to 60 mph for the FF 91.

Internet, Autonomous Driving, and Intelligence ("I.A.I") Technology

FF's advanced I.A.I. technology offers high-performance computing, high speed internet connectivity, OTA updates, an open ecosystem for third party application integration, and an advanced autonomous driving-ready system, in addition to several other proprietary innovations that enable the Company to build an advanced highly personalized user experience. The FF 91 series will feature a high-performance dual systems-on-a-chip ("SoC") computing platform for in-vehicle infotainment, a NVIDIA based autonomous driving hardware platform, and a high-speed connectivity system that will be capable of up to three simultaneous 5G connections. Together, these systems will deliver a highly intelligent voice-first user experience, and seamless cloud connectivity and a vehicle that is Level 3 highway autonomous driving ready.

FF's I.A.I system is built on an enhanced Android Automotive code base and is upgraded with each release of Google's platform.

All FF vehicles use FF's proprietary FFID unique identifier to deliver personalized content, apps and experiences. FFID provides a unique FF user profile that ensures a consistent experience across the FF Ecosystem, as the user goes from one seat to another or even from one vehicle to another.

Strong intellectual property portfolio

FF has significant capabilities in the areas of vehicle engineering, vehicle design and development, as well as software, internet, and AI. The Company has also developed a number of proprietary processes, systems and technologies across these areas. FF's research and development efforts have resulted in a strong intellectual property portfolio across battery, powertrain, software, user interface design and user experience design ("UI/UX"), and advanced driver-assistance systems, among other areas. FF's proprietary inverter design provides high current and is integrated into the electric drive unit, creating a high power-to-weight ratio. The patented keyless entry technology recognizes the user from a distance, opens (rather than simply unlocking) doors and customizes the user's seating area using facial-recognition-prompted download of FFID data. The eyes-free on-screen gestures controls enable users to open or close doors with one swipe, adjust temperature or volume with three fingers anywhere on the Center Display. Patented autonomous driving technology will allow users to find empty space in a parking lot and autonomously park using cameras, radars, LIDARs (Light Detection and Ranging), ultrasound and an inertial measurement unit ("IMU") (available after production and delivery via a software upgrade). FF believes its strong intellectual property portfolio will allow continued differentiation from its competitors and shorten time to market for future products.

Visionary management with a strong record of success

FF is led by a visionary management team with a unique combination of automotive, communication, and internet experience. FF's Global CEO, Matthias Aydt has been at FF for nearly eight years, before appointed the global CEO, he had

previously served successively as head of Product Execution, head of Vehicle R&D and Vehicle engineering, Head of Product Definition & Mobility Ecosystems, as well as head of Business Development. Matthias Aydt has over 40 years of experience in luxury OEMs across technology, operations, and general management, including developing and growing multinational organizations, establishing cross-functional work environments, designing and developing processes, project management processes, and simultaneous engineering processes. Mr. Aydt has also received over 15 registered patents during his career and is deeply committed to the Company, its employees, users, and investors in fulfilling the vision for a sustainable transportation future.

FF's founder and Chief Product and User Ecosystem Officer, Mr. Yueting Jia, focuses on product and mobility ecosystem; internet and AI; and advanced R&D technology. Mr. Jia founded Leshi Information Technology Co., Ltd., a video streaming website in 2004. He also founded Le Holdings Co. Ltd. ("LeEco"), an internet ecosystem and technology company with businesses including smart phones, smart TVs, smart cars, internet sports, video content, internet finance and cloud computing. FF's other management team members have significant product, industry and leadership experience in areas such as vehicle engineering, battery, powertrain, software, internet, AI, and consumer electronics.

Innovative Marketing and Sales Approach Through User Co-Creation

As we look forward, FF's focus is set on continued ramp of vehicle production and building its brand with Co-Creation. And these initiatives do more than just elevate the brand presence; they cultivate a deep connection between FF and its community, offering an enriched brand journey.

At its core, Co-Creation transcends mere collaboration; it's the manifestation of FF's commitment to centering our users in all our endeavors. Through collaborative partnerships with Co-Creators, the Company believes that substantial value can be accessed across various aspects such as product development, technological development, brand amplification, trust and loyalty, pricing power, strategic positioning, and brand marketing. This paradigm sets us apart in the dynamic EV landscape, ensuring our offerings are not merely technologically superior but also resonate with the ever-evolving expectations and aspirations of our clientele.

Electric Vehicle Industry Overview and Market Opportunity

McKinsey & Company released a public report titled "Five trends shaping tomorrow's luxury-car market" in July, 2022 that segments the luxury-car market based on four manufacturers' suggested retail price (MSRP) tiers. These tiers consist of vehicles priced from \$80,000 to \$149,000, \$150,000 to \$299,000, \$300,000 to \$500,000, and above \$500,000. Each of these four luxury segments are projected to expand at a compound annual growth rate of between 8 and 14 percent through 2031. In contrast, McKinsey projected that the market for cars with an MSRP of less than \$80,000 would remain virtually flat through the same time period.

Driven by China's new energy vehicle ("NEV") credit and European CO2 regulations as well as city policies restricting new internal combustion engine ("ICE") vehicle sales, electric vehicle sales in China and Europe are estimated to exceed 65% of all passenger electric vehicle sales by 2030, according to the Electric Vehicle Outlook 2022 report, a long-term forecast published by Bloomberg New Energy Finance ("BNEF Report"). In addition, since many U.S. households have the infrastructure to install home charging, they are ideal adopters of electric vehicles. According to the BNEF Report, by 2040, over three-quarters of all new passenger vehicles sold will be electric, with markets in China and parts of Europe achieving even higher penetration. For commercial electric vehicles, demand for electric small vans, and trucks are expected to rise quickly, with the U. S., Europe, and China markets expanding faster than the overall market, according to the BNEF Report. In addition, the report notes that light-duty commercial vehicles will see the greatest surge in demand for electric drivetrains among all commercial vehicles. FF believes its U.S. and China dual-home market strategy, as well as its innovative DNA, strong technology portfolio, and emphasis on design, driving experience and personalized user experience will position it well in the passenger electric vehicle segments in these markets. By leveraging the scalable design and modularity of FF's variable platform architecture, FF is well-positioned to capitalize on growing demands for light, commercial electric vehicles. Additionally, FF's robust vehicle engineering capabilities and extensive portfolio of technologies offer significant future licensing and strategic partnership opportunities.

Key Drivers for Electric Vehicle Market Growth

Several important factors are contributing to the popularity of electric vehicles, in both the passenger electric vehicle and light-duty commercial vehicle segments. FF believes the following factors will continue to drive growth in these markets:

Increasing Environmental Awareness and Tightening Emission Regulations

Environmental concerns have resulted in tightening emission regulations globally, and there is a broad consensus that further emission reductions will require increased electrification in the automotive industry. The cost of regulatory compliance for ICE powertrains is rising sharply due to the natural limitations of traditional ICE technologies. In response, global original equipment manufacturers (“OEMs”) are aggressively shifting their strategies toward electric vehicles. At the same time, consumers are more concerned about the impact of goods they purchase, both on their personal health and the environment. As consumer awareness increases, zero emission transportation has become a popular and widely advocated urban lifestyle which has accelerated further development of the electric vehicle market. Consumer pressure can also be seen in the commercial electric vehicle market. Being encouraged by their customers to reduce their carbon footprints, retailers, logistics companies, and other corporations are highly incentivized to transition their existing fleets or new vehicle purchases toward electric vehicles.

Decreasing Battery and Electric Vehicle Ownership Costs

Battery and battery-related costs generally represent the most expensive components of an electric vehicle. The falling price of lithium-ion batteries is expected to be among the most important factors affecting electric vehicle penetration in the future. Additionally, the average battery energy density is expected to increase with continuous improvements in battery chemistries, improved materials, advanced engineering, and manufacturing efficiencies. With improvements in battery technology and economies of scale, battery production costs (translated to electric vehicle ownership costs) should continue to decrease. The BNEF Report stated that the average lithium-ion battery price had fallen by 89% from 2010 to 2021 to \$131/kWh. They projected the cost of lithium-ion batteries would fall below \$100/kWh by 2024 and continue to decline as advancements in manufacturing and technology continue. According to the BNEF Report, price parity between electric vehicles and ICE is expected to be reached by the mid-2020s in most vehicle segments, subject to variation between geographies.

Strong Regulatory Push

An increasing number of countries are encouraging the adoption of electric vehicles or a shift away from fossil-fuel-powered vehicles. For example, in the U.S., both states and municipalities have begun to roll out legislation banning combustion engines, with California mandating that every new passenger car and truck sold to be zero-emission by 2035, and every new medium and heavy-duty truck sold be zero-emission by 2045. Fifteen additional U.S. states and Washington, D.C. have announced they intend to follow California’s lead in transitioning all sales of heavy-duty trucks, vans and buses to zero-emission, with potentially more to follow in coming years. In China, the focused regulatory push has been one of the strongest drivers of NEV penetration. In recent years, the Chinese government implemented a series of favorable policies encouraging the purchase of electric vehicles and construction of electric vehicle charging infrastructure. Since 2015, the Chinese regulatory authorities have provided subsidies to purchasers of electric vehicles. Although previous purchase subsidies were reduced in China by approximately half in 2019, the Chinese government has continued to provide subsidies for charging infrastructure construction. Since 2016, the Chinese central finance department has been incentivizing certain local governments with funds and subsidies for the construction and operation of charging facilities and other relevant charging infrastructure, such as charging stations and battery swap stations. Europe, UK, Denmark, Iceland, Ireland, the Netherlands, Slovenia, and Sweden have all announced plans to phase out combustion engines in some form or fashion by 2030. These legislative tailwinds have already begun to force some legacy OEMs toward electrification, creating a strong need for a modular, flexible, and cost-efficient electric vehicle solution, which will increase competition in the alternative energy vehicle industry.

Growth of Electric “Shared Mobility”

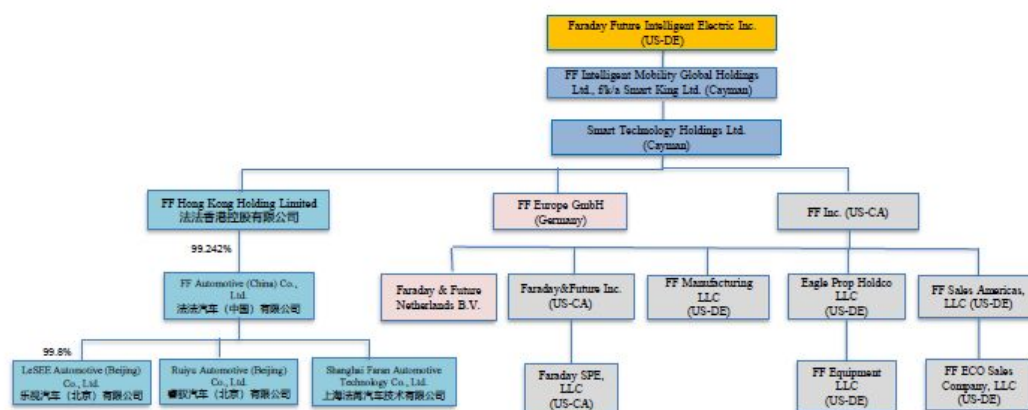
According to the BNEF Report, the global shared mobility fleet (*i.e.*, ride-hailing and car-sharing) is expected to represent more than 15% of the total kilometers traveled by passenger vehicles by 2040, up from less than 5% in 2019. Bloomberg data also predicted that due to electric vehicles’ lower operating costs, they are anticipated to account for over 75% of shared mobility vehicles by 2040, representing a dramatic increase from current low single digit penetration. At the same time, as vehicle consumers move to rely upon shared mobility fleets, and view ride-hailing and car-sharing as a service, such trends may partially offset passenger vehicle demand growth.

Corporate History and Milestones

FF U.S., the Company’s primary U.S. operating subsidiary, was incorporated and founded in the State of California in May 2014. In July 2014, LeSee Automotive (Beijing) Co., Ltd. (“LeSee Beijing”), which was previously the Company’s primary Chinese operating entity, was formed in China.

To facilitate global investment of FF’s business and operations in different jurisdictions, FF established a Cayman Islands holding company structure for the entities within the group. As part of these efforts, Smart Technology Holdings Ltd. (formerly known as FF Global Holdings Ltd.) was incorporated on May 23, 2014 in the Cayman Islands, which directly or indirectly owned and/or controlled 100% of the shareholding of all operating subsidiaries in the group. In March 2017, FF established FF Automotive (China) Co., Ltd., as a Chinese wholly-foreign-owned entity (“WFOE”). As part of a broader corporate reorganization, and to facilitate third-party investment, FF incorporated its top-level holding company, FF Intelligent Mobility Global Holdings Ltd. (formerly known as Smart King Ltd.), in the Cayman Islands in November 2017, as the parent company of Smart Technology Holdings Ltd. To enable effective control over FF’s Chinese operating entity and its subsidiaries without direct equity ownership, in November 2017, the WFOE entered into a series of contractual arrangements (“VIE contractual arrangements”) with LeSee Beijing and LeSee Zhile Technology Co., Ltd., which previously held 100% of LeSee Beijing. The VIE contractual arrangement enabled FF to exercise effective control over LeSee Beijing and its subsidiaries, to receive substantially all of the economic benefits of such entities, and to have an exclusive option to purchase all or part of the equity interests in LeSee Beijing. The VIE contractual arrangements were adjusted in the past three years and were terminated on August 5, 2020. LeSee Beijing is currently owned 99% by the WFOE.

The organizational chart below shows FFIE’s operating subsidiaries* as of the date hereof:



* All ownership interests for the Operating Entities are 100% unless otherwise indicated.

* Excludes subsidiaries with immaterial operations. FF Hong Kong Holding Limited is a holding company subsidiary organized in Hong Kong. As of the date hereof, LeSEE Automotive (Beijing) Co. Ltd., a subsidiary organized in China, has immaterial operations.

PRC Subsidiaries

FFIE is a holding company incorporated in the State of Delaware. “FF U.S.,” FF’s primary U.S. operating subsidiary, was incorporated and founded in the State of California in May 2014. We refer to all our subsidiaries organized in China (including Hong Kong) collectively as the “PRC Subsidiaries.” A complete list of our subsidiaries is set forth in *Exhibit 21.1* to this Annual Report on Form 10-K. As of December 31, 2023, our only operating subsidiaries in China (including Hong Kong) are FF Automotive (China) Co. Ltd., Ruiyu Automotive (Beijing) Co., Ltd. and Shanghai Faran Automotive Technology Co., Ltd., each of which was organized in the PRC.

How Cash is Transferred Through Our Corporate Organization

The PRC has currency and capital transfer regulations that require us to comply with certain requirements for the movement of capital in and out of the PRC. FFIE is able to transfer cash (U.S. Dollars) to the PRC Subsidiaries through capital contributions (increasing FFIE's capital investment in the PRC Subsidiaries). FFIE may receive cash or assets declared as dividends from the PRC Subsidiaries. The PRC Subsidiaries can transfer funds to each other when necessary, by way of intercompany loans in the following manners:

- FF Hong Kong Holding Limited, as the holding company of all the other PRC Subsidiaries, can transfer cash to any PRC Subsidiary through capital contribution. We note Hong Kong's banking system is outside PRC mainland's banking system. As a result, when FF Hong Kong Holding Limited transfers cash to a PRC Subsidiary, it is required to follow the SAFE (as defined below) process and regulation.
- FF Hong Kong Holding Limited, as the holding company of all the other PRC Subsidiaries, may receive cash or assets declared as dividends from the other PRC Subsidiaries.
- Among PRC Subsidiaries other than FF Hong Kong Holding Limited, one PRC Subsidiary can provide funds through intercompany loan to another PRC Subsidiary and each such PRC Subsidiary is required to follow the rules of China Banking Regulatory Commission and other relevant Chinese authorities. Additionally, one PRC Subsidiary can transfer cash to its subsidiary through capital contribution, and any PRC Subsidiary may receive cash or assets declared as dividends from any of its subsidiaries.

In 2022 and 2023, FF U.S. extended loans in an aggregated amount of \$8.0 million and \$16.3 million, respectively, to FF Hong Kong Holding Limited to fund the operations of the PRC Subsidiaries. We will continue to assess the PRC Subsidiaries' requirements to fund their operations and intend to effect additional contributions as appropriate. As of December 31, 2023, our only operating subsidiaries in China (including Hong Kong) are FF Automotive (China) Co. Ltd., Ruiyu Automotive (Beijing) Co., Ltd. and Shanghai Faran Automotive Technology Co., Ltd., each of which was organized in the PRC. The PRC Subsidiaries have not transferred cash or other assets to FFIE, including by way of dividends. FFIE does not currently plan or anticipate transferring cash or other assets from our operations in China to any non-Chinese entity.

Capital contributions to PRC companies are mainly governed by the Company Law and Foreign Investment Law of the People's Republic of China, and the dividends and distributions from the PRC Subsidiaries are subject to regulations and restrictions of the PRC on dividends and payment to parties outside of the PRC. Applicable PRC law permits payment of dividends to FFIE by our PRC Subsidiaries only out of their net income, if any, determined in accordance with PRC accounting standards and regulations. Our operating PRC Subsidiaries are required to set aside a portion of their net income, if any, each year to fund general reserves for appropriations until such reserves have reached 50% of the relevant entity's registered capital. These reserves are not distributable as cash dividends. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year. In addition, registered share capital and capital reserve accounts are also restricted from withdrawal in the PRC, up to the amount of net assets held in each operating subsidiary.

PRC Restrictions on Foreign Exchange and Transfer of Cash

Under PRC laws, if certain procedural requirements are satisfied, the payment of current account items, including profit distributions and trade and service related foreign exchange transactions, can be made in foreign currencies between entities, across borders, and to U.S. investors without prior approval from State Administration of Foreign Exchange (the "SAFE") or its local branches. However, where Chinese Yuan ("CNY") is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies, approval from or registration with SAFE or its authorized banks is required. The PRC government may take measures at its discretion from time to time to restrict access to foreign currencies for current account or capital account transactions. If the foreign exchange control system prevents our PRC Subsidiaries from obtaining sufficient foreign currencies to satisfy their foreign currency demands, our PRC Subsidiaries may not be able to pay dividends in foreign currencies to FFIE. Further, we cannot assure you that new regulations or policies will not be promulgated in the future that would have the effect of further restricting the remittance of CNY into or

out of the PRC. We cannot assure you, in light of the restrictions in place, or any amendment thereof, that the PRC Subsidiaries will be able to fund their future activities which are conducted in foreign currencies, including the payment of dividends.

Furthermore, under PRC laws, dividends may be paid only out of distributable profits. Distributable profits are the net profit as determined under PRC GAAP, less any recovery of accumulated losses and appropriations to statutory and other reserves required to be made. Our PRC Subsidiaries shall appropriate 10% of the net profits as reported in their statutory financial statements (after offsetting any prior year's losses) to the statutory surplus reserves until the reserves have reached 50% of their registered capital. As a result, our PRC Subsidiaries may not have sufficient, or any, distributable profits to pay dividends to us. See *“Risk Factors–Risks Related to FF’s Operations in China–FFIE is a holding company and, in the future, may rely on dividends and other distributions on equity paid by the PRC Subsidiaries to fund any cash and financing requirements that FFIE may have, and the restrictions on PRC Subsidiaries’ ability to pay dividends or make other payments to FFIE could restrict FFIE’s ability to satisfy its liquidity requirements and have a material adverse effect on FFIE’s ability to conduct its business”* for a more detailed discussion of the relevant risks relating to restrictions on foreign exchange and transfer of cash.

Requirements Under PRC Laws and Regulations

Under current PRC laws and regulations, each of our PRC Subsidiaries is required to obtain a business license to operate in the PRC. Our PRC Subsidiaries have all received the requisite business license to operate, and no application for business license had been denied.

As our operations in the PRC expand, our PRC Subsidiaries will be required to obtain approvals, licenses, permits and registrations from PRC regulatory authorities, such as the State Administration for Market Regulation, the National Development and Reform Commission, Ministry of Commerce (“MOFCOM”), and the Ministry of Industry and Information Technology (“MIIT”), which oversee different aspects of the electric vehicle business. As of December 31, 2023, no application by our PRC Subsidiaries for any such approvals, licenses, permits and registrations that are currently applicable to them had been denied, but there can be no assurance that the PRC Subsidiaries will be able to maintain their existing licenses or obtain new ones. See *“Risk Factors–Risks Related to FF’s Operations in China–FF may be adversely affected by the complexity, uncertainties and changes in PRC regulations on internet-related business, automotive businesses and other business carried out by FF’s PRC Subsidiaries.”* for a more detailed discussion of the risks relevant to the regulations relating to the operations of the PRC Subsidiaries.

We do not believe any permission is required from any Chinese authorities (including the China Securities Regulatory Commission (the “CSRC”) and the Cyberspace Administration of China (the “CAC”)) in connection with our previous offerings or listing. We do not and immediately prior to the filing of this Annual Report on Form 10-K, will not possess over one million of PRC-based individual’s personal information. After consulting our PRC counsel, we believe we are currently not subject to the requirement under the Cybersecurity Review Measures that a network platform operator which possesses more than one million users’ personal information must apply for a cybersecurity review with CAC before listing abroad. In addition, as of December 31, 2023, after consulting our PRC counsel, we are not aware of any other laws or regulations currently effective in the PRC which explicitly require us to obtain any permission from the CSRC or other Chinese authorities for our previous offering or listing, nor had we received any inquiry, notice, or warning from the CSRC or any other Chinese authorities in such respects. The PRC authorities have promulgated new or proposed laws and regulations recently to further regulate securities offerings that are conducted overseas and/or foreign investment in China-based issuers. According to these new laws and regulations and the draft laws and regulations if enacted in their current forms, in connection with our future securities offering activities, we may be required to fulfill filing, reporting procedures with the CSRC, and may be required to go through cybersecurity review by the PRC authorities. However, there are uncertainties with respect to whether we will be able to fully comply with requirements to obtain such permissions and approvals from, or complete such reporting or filing procedures with PRC authorities. For more detailed information, see *“Risk Factors–Risks Related to FF’s Operations in China–The approval of, or filing or other administrative procedures with, the CSRC or other PRC governmental authorities may be required in connection with certain of our financing activities, and, if required, we cannot predict if we will be able to obtain such approval or complete such filing or other administrative procedures”* and *“Risk Factors–Risks Related to FF’s Operations in China–We face challenges from the evolving regulatory environment regarding cybersecurity, information security, privacy and data protection. Many of these laws and regulations are subject to change and uncertain interpretation, and any actual or alleged failure to comply with related laws and regulations regarding cybersecurity, information security, data privacy and protection could materially and adversely affect our business and results of operations”* for a more detailed discussion of the relevant risks relating to the applicable of PRC laws and Regulations.

Risks Related to FF's Operations in China

FF operates in China, and plans to have significant operations in the future in China (including Hong Kong) through its PRC Subsidiaries, and faces various legal and operational risks associated with doing business in China, which could result in a material change in the operations of our PRC Subsidiaries, cause the value of FFIE's securities to significantly decline or become worthless, and significantly limit or completely hinder FF's ability to accept foreign investments, and FFIE's and our investors' ability to offer or continue to offer our shares of Class A Common Stock to investors. FF also faces similar risks related to its expansion plans in Hong Kong, which is subject to political and economic influence from China. These risks, each discussed in detail in the section "*Risk Factors—Risks Related to FF's Operations in China*" include:

- Changes in the political and economic policies of the PRC government may materially and adversely affect FF.
- Uncertainties with respect to the Chinese legal system, regulations and enforcement policies could have a material adverse effect on FF.
- Foreign currency fluctuations could reduce the value of our Common Stock and dividends paid on our Common Stock.
- Changes in the laws and regulations of China or noncompliance with them could adversely affect FF.
- Restrictions on PRC Subsidiaries' ability to pay dividends or make other payments to FFIE in the future could restrict FFIE's ability to satisfy its liquidity requirements and have a material adverse effect on FFIE's business.
- FFIE and its stockholders face uncertainty with respect to indirect transfers of equity interests in China resident enterprises through transfer of non-Chinese-holding companies.
- PRC regulation of loans to and direct investments in PRC entities may delay or prevent us from making loans or additional capital contributions to our PRC Subsidiaries.
- The PRC government can take regulatory actions and make statements to regulate business operations in China with little advance notice, so our assertions and beliefs of the risks imposed by the Chinese legal and regulatory system cannot be certain, and actions related to oversight and control over offerings that are conducted overseas and/or foreign investment in issuers with substantial operations in China could significantly limit or completely hinder our and our investors' ability to offer or continue to offer shares of Class A Common Stock \$0.0001 par value, and warrants to purchase shares of Class A Common Stock to investors and cause the value of our securities to significantly decline or be worthless.
- The approval of, or filing or other administrative procedures with, the CSRC or other PRC governmental authorities may be required in connection with certain of our financing activities, and, if required, we cannot predict if we will be able to obtain such approval or complete such filing or other administrative procedures.
- Certain PRC rules and regulations establish complex procedures for some acquisitions by foreign investors, which could make it more difficult for us to grow in China.
- FF may be adversely affected by the complexity, uncertainties and changes in PRC regulations on internet-related business, automotive businesses and other business carried out by FF's PRC Subsidiaries.
- We face challenges from the evolving regulatory environment regarding cybersecurity, information security, privacy and data protection.

- In the event that the independent auditor operating in China that FF engages for its operations in China is not permitted to be subject to inspection by the Public Company Accounting Oversight Board (“PCAOB”), then investors may be deprived of the benefits of such inspection.
- U.S. regulatory bodies may be limited in their ability to conduct investigations or inspections of our operations in China.
- There may be difficulties in effecting service of legal process, conducting investigations, collecting evidence, enforcing foreign judgments or bringing actions in China against us and our management.

Milestones

Significant milestones in FF’s historical development and commercialization of FF’s electric vehicles include the following:

- In 2015, FF completed its first test mule car, and a fully developed electric vehicle Beta prototype was completed in August 2016.
- In January 2016, FF debuted the FF Zero 1 at the 2016 Consumer Electronics Show (“CES”) and obtained a U.S. patent for FF’s proprietary power inverter, the “FF Echelon Inverter.” In November 2016, FF obtained an autonomous vehicle testing permit issued by the State of California, which allowed FF to test self-driving vehicles on public roads with the presence of a safety driver.
- In January 2017, FF revealed FF 91, its luxury electric crossover vehicle, at CES 2017. FF 91’s beta prototype set the fastest production-electric vehicle record at the Pikes Peak International Hill Climb in 2017, with a time of 11 minutes and 25.083 seconds.
- In November 2017, FF entered into agreements with its Series A investor in connection with its Series A financing and received gross proceeds of \$800.0 million through June 2018.
- In August 2018, FF completed its first pre-production build of FF 91 in its Hanford, California manufacturing facility. FF also began designing the FF 81 project in January 2018.
- In January 2021, Legacy FF, FF Automotive (Zhuhai) Co., Ltd. and FF Hong Kong Holding Limited entered into a cooperation framework agreement with Zhejiang Geely Holding Group Co., Ltd. pursuant to which Geely Holding agreed to explore the possibility of joint investment in the technology licensing, contract manufacturing and joint venture with FF and the city, as well as to pursue the possibility of further business cooperation with the joint venture. The joint venture and contract manufacturing projects with Geely Holding are on hold.
- In January 2021, FF announced that it entered into a definitive agreement for a business combination with PSAC, with the combined company to be listed on The Nasdaq Stock Market under the ticker symbol “FFIE”.
- In July 2021, FF announced that it completed its previously announced merger with PSAC, which resulted in the combined company being renamed Faraday Future Intelligent Electric. The Class A Common Stock and Public Warrants of the Company began trading on The Nasdaq Stock Market on July 22, 2021 as “FFIE” and “FFIEW,” respectively.
- In September 2021, FF completed the installation of pilot equipment in the pre-production build area of its Hanford, California facility.
- In October 2021, FF received its final Certificate of Occupancy (“CO”) for a dedicated area for pre-production manufacturing at the facility in Hanford, California.

- In December 2021, FF started foundation construction for all remaining production areas in the Hanford facility, including body, propulsion, warehouse and vehicle assembly. Interior foundation work in the production area is complete, major mechanical systems, including electrical and plumbing, have been installed and equipment installation is underway.
- In February 2022, FF announced that Myoung Shin had been contracted to manufacture FF's second vehicle, the FF 81, with SOP scheduled for as early as 2024.
- In February 2022, FF unveiled the first production-intent FF 91 EV manufactured at its Hanford, California plant.
- In September 2022, FF announced the FF 91 Futurist, the Ultimate Intelligent TechLuxury EV, was officially certified to have a robust rating of 381 miles of EV range from the U.S. Environmental Protection Agency.
- In November, 2022, FF announced the CARB has certified the FF 91 Futurist as a zero-emissions vehicle (ZEV). The ZEV program is part of CARB's Advanced Clean Cars package of coordinated standards that control smog-causing pollutants and greenhouse gas emissions of passenger vehicles in California.
- On January 17, 2023, FF announced that, in the third quarter of fiscal year 2022, it had reached a non-binding Cooperation Framework Agreement with the government of the City of Huanggang in Hubei Province, China ("Huanggang"), for promoting FF's U.S.-China dual-home market strategy. According to the Cooperation Framework Agreement, FF intends to relocate its FF China headquarters to Huanggang, while maintaining its global headquarters in Los Angeles, California.
- On March 29, 2023, FF successfully started the production of the flagship FF 91 vehicle.
- On April 14, 2023, the first production FF 91 vehicle rolled off the line at the FF ieFactory California.
- On May 25, 2023, FF announced that the FF 91 successfully passed U.S. Federal Motor Vehicle Safety Standards ("FMVSS") crash test requirements, first phase of delivery plan set to begin May 31.
- On May 31, 2023, FF launched the Ultimate AI TechLuxury FF 91 2.0 Futurist Alliance as well as the eco product aiHypercar+, open for reservations in both the United States and China.
- On August 12, 2023, FF celebrated the delivery of the first FF 91 2.0 Futurist Alliance to the first industry expert Developer Co-Creation Officer.
- On November 23, 2023, FF announced entry into Middle East, signed strategic cooperation agreements with Master Investment Group and Siraj Holding LLC, and announced the FF 91 2.0 Futurist aiFalcon Limited Edition for the Middle East market.

Partnership Program

Acting through FF Global Partners LLC ("FF Global"), a shareholder of the Company, in July 2019 certain current and former executives of the Company established a program which they refer to as the "Partnership Program." FF Global beneficially owned approximately 1.08% of the voting power of the Company's fully diluted Common Stock as of December 31, 2023. As described below, the Partnership Program provides financial benefits to certain Company directors, management and employees, which they are required to report to the Company pursuant to the Company's Investment Reporting Policy. The Partnership Program is administered by FF Global and is not under the Company's supervision.

Purpose of Partnership Program

The purpose of the Partnership Program is to help the Company and FF Global succeed, including by helping key Company employees remain aligned with the Company's mission, interests and economic success, by awarding units representing membership interests in FF Global to such individuals. We have been advised by FF Global that the VP of Human

Resources in FF, who is also a member of FF Global, provides recommendations to the FF Global Board of Managers regarding proposed awards based on, among other things:

- the individual's position in the Company and/or FF Global,
- the importance of the individual's role in the Company and/or FF Global,
- the individual's historical contributions to the Company and/or FF Global,
- the importance of the individual to the achievement of the Company's and FF Global's strategic objectives,
- the individual's awards under the Company's employee stock option plan, and
- the individual's existing holdings of FF Global units.

The awards under the Partnership Program have in the past been granted exclusively to current or former employees of the Company or its affiliates, FF Global may in the future determine to grant awards to individuals who are not affiliated with the Company.

Pursuant to our Investment Reporting Policy, members of our management and other employees are required to report information relating to their investments, including their interests in FF Global. However, since the Company's board of directors (the "Board") does not have oversight over the Partnership Program, the Company is not able to assess whether awards made by FF Global under the Partnership Program incentivize management and employee behavior and activities that the Company intends to incentivize, or indeed, whether the Partnership Program effectively works against efforts by the Company to manage its workforce. For example, as part of the special committee of independent directors established by the Board to investigate allegations of inaccurate Company disclosures ("Special Committee"), as further discussed below, it was determined that a Company employee who is also a beneficiary under the Partnership Program deliberately interfered with the Special Committee's investigation. Although the Company disciplined this employee, the effectiveness of the Company's disciplinary efforts may have been counteracted by awards this employee has received or expects to receive under the Partnership Program.

Terms of Awards

FF Global units awarded under the Partnership Program are purchased by the recipient from FF Global. The recipient pays the purchase price for their common units in 10 annual installments. The units entitle the recipient to receive distributions from FF Global when and if declared by the FF Global Board of Managers on a pro rata basis based on their paid-in capital (after their contributions are all returned). FF Global units are subject to redemption in certain cases, including upon termination of employment with FF Global or the Company or any of their affiliates, at a redemption price that generally is no lower than the unreturned capital contributions.

Scope of Partnership Program

FF Global has informed us that to date a total of 34 individuals have received awards under the Partnership Program, that 17 individuals continue to hold such awards, and that all recipients of such awards are current or former directors or employees of the Company or its affiliates. Some of these individuals are or were members of the FF Global Board of Managers. In particular, we understand that (amounts below in single dollars):

- Dr. Carsten Breitfeld, FF's former Global CEO and a former director of FFIE, was a non-voting member of the FF Global Board of Managers until May 2022, and previously held FF Global units. In connection with Dr. Breitfeld's voluntary resignation from FF Global in May 2022 to avoid any potential conflicts of interest, Dr. Breitfeld forfeited his 13,000,000 FF Global units. On November 26, 2022, the Board voted to remove Dr. Breitfeld as Global CEO and, on December 26, 2022, Dr. Breitfeld tendered his resignation from the Board, which was effective immediately.

- Matthias Aydt, the current Global CEO and a director of FFIE, was a member of the FF Global Board of Managers until June 2022, and previously held FF Global units. According to information provided by Mr. Ruokun Jia, a nephew of Mr. Jia who was formerly an Assistant Treasurer of FFIE but who was terminated for conduct during the Special Committee’s investigation, Dream Sunrise is owned by an associate of him. On June 26, 2019, to finance his acquisition of the FF Global units and his then concurrent loan to FF Global in the original principal amount of \$4,257,792, Mr. Aydt issued a note in the original principal amount of \$4,624,392 to Dream Sunrise LLC (“Dream Sunrise”). On August 2, 2021, FF Global paid down its loan obligations to Mr. Aydt by \$2,071,722, by paying down Mr. Aydt’s loan obligations to Dream Sunrise by the same amount, evidenced by that certain Repayment Agreement, dated as of March 7, 2022, by and among Dream Sunrise, FF Global and Mr. Aydt, an amended and restated note dated as of March 7, 2022 from FF Global to Mr. Aydt in the principal amount of \$2,186,070 (the “Aydt-FF Global Note”), replacing the prior note issued by FF Global to Mr. Aydt on June 26, 2019 in its entirety, and an amended and restated note dated as of March 7, 2022 from Mr. Aydt to Dream Sunrise in the principal amount of \$2,552,670 (the “Dream Sunrise-Aydt Note”), replacing the prior note issued by Mr. Aydt to Dream Sunrise on June 26, 2019 in its entirety. In order to avoid any potential conflicts of interest that his ownership of FF Global units presents toward his role as a director of FFIE, in June 2022, Mr. Aydt requested that FF Global redeem in full all of his FF Global units. On July 8, 2022, FF Global, Dream Sunrise and Mr. Aydt entered into an Redemption Agreement, pursuant to which in exchange for FF Global’s redemption in full of all of Mr. Aydt’s FF Global units and in satisfaction of all of FF Global’s then outstanding loan obligations to Mr. Aydt under the Aydt-FF Global Note, other than \$87,743, which represents interests accrued on \$366,600 of the principal amount under the Dream Sunrise-Aydt Note, FF Global assumed all of Mr. Aydt’s then outstanding loan obligations under the Dream Sunrise-Aydt Note. As of December 31, 2023, the \$87,743 that Mr. Aydt owes to Dream Sunrise remained outstanding.
- Qing Ye, former director of FFIE and former Vice President of Business Development and FF PAR, previously held FF Global units. On June 26, 2019, to finance his acquisition of the FF Global units and his then concurrent loan to FF Global in the original principal amount of \$1,993,009, Mr. Ye issued a note in the original principal amount of \$2,164,609 to Dream Sunrise. On June 13, 2022, FF Global paid down its loan obligations to Mr. Ye by \$969,742, by paying down Mr. Ye’s loan obligations to Dream Sunrise by the same amount, evidenced by an amended and restated note dated as of June 13, 2022 from FF Global to Mr. Ye in the principal amount of \$1,023,267 (the “Ye-FF Global Note”), replacing the prior note issued by FF Global to Mr. Ye on June 26, 2019 in its entirety, and an amended and restated note dated as of June 13, 2022 from Mr. Ye to Dream Sunrise in the principal amount of \$1,194,867 (the “Dream Sunrise-Ye Note”), replacing the prior note issued by Mr. Ye to Dream Sunrise on June 26, 2019 in its entirety. In order to avoid any potential conflicts of interest that his ownership of FF Global units presents towards his role as a director of FFIE, in June 2022, Mr. Ye requested that FF Global redeem in full all of his FF Global units. On June 24, 2022, FF Global, Dream Sunrise and Mr. Ye entered into an Redemption Agreement, pursuant to which in exchange for FF Global’s redemption in full of all of Mr. Ye’s FF Global units and in satisfaction of all of FF Global’s then outstanding loan obligations to Mr. Ye under the Ye-FF Global Note, other than \$41,071, which represents interests accrued on \$171,600 of the principal amount under the Dream Sunrise-Ye Note, FF Global assumed all of Mr. Ye’s then outstanding loan obligations under the Dream Sunrise-Ye Note. As of December 31, 2023, the \$41,071 that Mr. Ye owed to Dream Sunrise remained outstanding. On January 25, 2023, Mr. Ye resigned as a member of the Board. Mr. Ye remained a consultant of the Company as an independent contractor until September 15, 2023.
- Robert Kruse, FF’s former Senior Vice President, Product Execution, previously held 1,500,000 FF Global units. On November 29, 2022, Mr. Kruse resigned from the Company.

- Chui Tin Mok, our Global Executive Vice President and the Global Head of User Ecosystem and a director of FFIE (effective January 25, 2023), currently holds 780,000 FF Global units. On June 26, 2019, to finance his acquisition of the FF Global units and his then concurrent loan to FF Global in the original principal amount of \$2,264,783, Mr. Mok issued a note in the original principal amount of \$2,459,783 to Dream Sunrise. In May 2022, Mr. Mok returned 3,120,000 of his FF Global units to FF Global pursuant to amendments to the governance documents of FF Global. On March 7, 2022, FF Global paid down its loan obligations to Mr. Mok by \$1,101,980, by paying down Mr. Mok's loan obligations to Dream Sunrise by the same amount, evidenced by an amended and restated note dated as of March 7, 2022 from FF Global to Mr. Mok in the principal amount of \$1,162,803, replacing the prior note issued by FF Global to Mr. Mok on June 26, 2019 in its entirety, and an amended and restated note dated as of March 7, 2022 from Mr. Mok to Dream Sunrise in the principal amount of \$1,357,803, replacing the prior note issued by Mr. Mok to Dream Sunrise on June 26, 2019 in its entirety.
- Hong Rao, our Vice President of I.A.I. (Internet, Autonomous Driving, Intelligence), currently holds 100,000 FF Global units.
- In addition to the loans described above with respect to Mr. Aydt and Mr. Ye, a number of our other current and former employees have used funds loaned by Dream Sunrise to fund the purchase of their FF Global units and their concurrent loans to FF Global, including Chui Tin Mok and Jerry Wang who is a consultant to FF.

FF Technology

FF aiHyper 6x4 Architecture 2.0

Underpinning the FF 91 2.0 is the “FF aiHyper 6x4 Architecture 2.0.” FF believes the integration of FF’s six technology platforms with the four technology systems, symbolized by “6x4”, lays the groundwork for our commitment to pioneering innovation and excellence in the automotive sphere.

Variable Platform Architecture

FF believes one of its core technology competencies is its proprietary Variable Platform Architecture (“VPA”). FF’s VPA is a flexible and adaptable skateboard-like platform featuring a monocoque vehicle structure with integrated chassis and body. The platform directly houses the critical components of an electric vehicle, including all-wheel steering, suspension system, brakes, wheels, electric propulsion system, electronic control units and high voltage battery, among others. Each of these component systems has been engineered in-house or in collaboration with suppliers and has been integrated into the FF vehicle design with a view to strive for optimizing performance, efficient packaging, and functional integration.

As an integrated structure, the skateboard-like platform can be shortened or lengthened to allow various wheelbases and battery pack sizes along with other options to fit into the platform. It is designed to accommodate up to three motors and support single or dual rear motors and a single front motor. The VPA can be configured in front-wheel-drive (“FWD”), rear-wheel-drive (“RWD”) or all-wheel-drive (“AWD”) configurations. The platform enables scalable vehicle design and improves manufacturing flexibility as well as capital efficiency and allows continuous improvement across product generations. It is also designed to reduce development time for future models leveraging the platform, as most of research and development and a significant portion of the crash structure is integrated into the platform and enables five star and equivalent safety performance. The modular design of the VPA is adaptable to support a wide range of FF vehicles for both consumer and commercial vehicle markets.

Propulsion Technology

FF has designed an integrated set of powertrain systems ideally suited for FF’s modular VPA, which has been upgraded to PT Gen 2.0 to further enhance performance. FF believes its proprietary and patented designed electric powertrain provides a competitive edge in horsepower, efficiency, and acceleration performance.

FF Echelon Inverter

The inverter in FF’s electric vehicle powertrain governs the flow of high-voltage electrical current throughout the vehicle and serves to power the electric motor, generating torque while driving and delivering energy into the battery pack while braking. The inverter converts direct current from the battery pack into alternating current to drive the permanent magnet

motors and provides “regenerative braking” functionality, which captures energy from braking to charge the battery pack. The primary technological advantages of FF’s designs include the ability to drive large amounts of current in a small, physical package with high efficiency and low cost (low inverter losses to provide 98% of inverter efficiency) utilizing patented parallel IGBT technology and can achieve high torque accuracy with fast transient response. The inverter can achieve high reliability due to tab bonds in the high current path. The monitoring system is integrated into the inverter to provide enhanced safety. The patented FF Echelon Inverter is designed to have high power in a compact light weight package with high reliability and durability and can support multiple motor configurations.

Integrated Electric Motor Drive Units

FF designed its electric motor drive units (including gearbox). The electric drive units are fully integrated with the inverter, transmission, and control unit to create a compact and efficient design. The FF designed drive units have low noise and vibration that can greatly improve driving experience. Depending on the power requirements of each model, the motors can be utilized individually or in two or three motor configurations. The FF 91 Futurist, equipped with three integrated electric drive units (each is designed to deliver up to 350 horsepower), is expected to deliver 1,050 horsepower and 12,510 Newton meters (“Nm”) of torque. FF believes its electric drive unit design is ahead of many of its competitors in terms of performance because of its proprietary, advanced packaging, stator-rotor design, and unique inverter layout.

Internet, Autonomous Driving, and Intelligence (“I.A.I.”)

FF utilizes an industry-leading automotive grade dual-chip computing system running the Android Automotive operating system. FF’s I.A.I system is built on an enhanced Android Automotive code base and is upgraded with each release of Google’s platform. FF’s vehicles are designed with software OTA capabilities, which allow software and applications in the vehicle to be updated and upgraded wirelessly to deliver continuous enhancements. The vehicle is designed to be connected to FF’s information cloud at all times. When there is a firmware or software update available, FF’s cloud will push an update message to the vehicle to notify the driver to schedule an update. Upgrades will be wirelessly downloaded to the vehicle, installed, and enabled, including updates for firmware, operating systems, middleware, and applications. FF’s patented Future OS operating system allows multiple users to login through FF 91, preparing user’s preferences per their cloud based FFID profiles.

For autonomous driving, FF’s advanced autonomous driving-ready system (“ADAS”) will deliver multiple ADAS features through a combination of FF’s own as well as industry partners’ applications. FF plans to devote resources to autonomous driving research and development and plans to work with partners to deliver full autonomous-driving capabilities in highway and urban driving, as well as parking, across its vehicle lines in the future.

FF’s Artificial Intelligence system can actively learn preferences, habits, entertainment, and navigation routines of a user, and associates them with the user’s unique FFID (FF proprietary user ID). FFID provides a unique FF user profile that ensures a consistent experience across the FF Ecosystem, as the user goes from one seat to another or even from one vehicle to another. The seamless design and interface of the in-vehicle infotainment system planned in FF vehicles will offer multiple human-machine interface (“HMI”) options and facilitate a personalized user experience for each seat in the vehicle. The enhanced user experience platform powered by Android enables seamless access to third party applications. FF’s patented Intelligent Aggregation Engine can pull content from multiple video applications and displays content in a single area, removing the need to access multiple applications. The Intelligent Recommendation Engine that may be integrated in certain FF series learns each passenger or driver’s digital media preferences across multiple video applications and provide personalized recommendations. The User Recognition function is embedded in each seat through facial or voice recognition, to deliver a suite of personalized content and preferences.



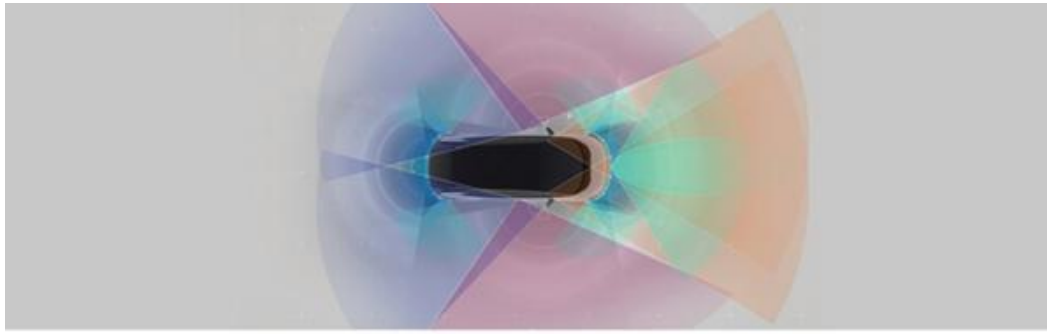
I.A.I Hardware



I.A.I Software, Cloud & AI



Applications



Autonomous Driving 360° Coverage

Electrical/ Electronic (“E/E”) Architecture

FF has designed the first generation of FF vehicle series (FF 91) with a domain-centralized E/E architecture, which enables architecture flexibility and maximizes performance efficiency while meaningfully reducing the overall system complexity and weight. The domain-centralized E/E architecture will consolidate the domain functions across five core high-performance domain control units (“DCU”) that manage, compute, and process controls for propulsion, chassis, self-driving, body, and IoV (Internet of Vehicle-connected infotainment system). The E/E architecture of FF’s variable platform architecture is designed with the capacity to support the power and communication requirements necessary for seamless integration with advanced autonomous systems as they evolve. All of FF’s DCUs will support OTA updates and data collection.

FF Products

FF has developed an extensive portfolio of proprietary technologies that will be embedded and integrated in FF vehicles. FF’s B2C passenger vehicle pipeline includes FF 91 series, FF 81 series and FF 71 series. In addition to passenger vehicles, leveraging its VPA, FF plans to produce a Smart Last Mile Delivery (“SLMD”) vehicle to address the high growth last mile delivery opportunity. The FF 91 is the current production flagship model, and future pipeline models are contingent upon funding availability.

Passenger Vehicles

Each of the three passenger vehicle series is planned in two different configurations. All passenger vehicles will share common brand “DNA” of:

- Intelligence, Internet and connectivity;
- modern design: styling;
- superior driving experience: leading power, performance, and driving range; and
- personalized user experience: space, comfort, and internet experience.

The flagship FF 91 series will define the FF brand DNA. This DNA will carry over to FF 81 and FF 71 series. At the top end, the Futurist configurations of each of these series will be designed to push the core brand values to the maximum. With this brand DNA, FF believes its products will be ahead of competition in their respective segments in terms of design, driving experience, interior comfort, connectivity, and user experience.

FF 91

With a wheelbase of 3,200 mm (126 inches), FF 91, FF’s flagship vehicle, is designed to be a high-performance luxury electric vehicle in the E-segment/Executive/Full-Size or F-segment/Full-size luxury vehicle segment.

FF believes that FF 91 represents a “new species” of electric mobility that combines high performance, precise handling, the comfort of a luxury passenger vehicle, and an intelligent, connected user interface which provides a unique mobility experience to both driver and passenger. It leverages FF’s proprietary VPA, which is a skateboard-like platform structure designed and engineered in-house. This integrated platform provides measurable improvements in overall vehicle structural performance, safety, and handling. FF 91 features a multi-motor configuration and an all-wheel drive system. With three electric motors (one in the front and two in the rear), the top configuration (the FF 91 Futurist) is designed to produce 1,050 horsepower and 12,510 Nm of torque to all four wheels. This enables the FF 91 Futurist to have torque vectoring in the rear for enhanced vehicle dynamics and stability. Its all-wheel drive system offers greater traction control as well as precise power distribution. This technology is designed to deliver superior acceleration of 2.27 seconds from 0 to 60 mph and safety.

The variable platform architecture for FF 91 series houses floor-mounted batteries, as well as FF’s proprietary inverter, the FF Echelon Inverter, and integrated electric motor drive units. All three elements, battery, inverter and drive units, support an achieved 381 miles EPA range. FF 91 is expected to charge at up to a 200kW rate. FF plans to provide charging solutions available through FF’s self-owned stores and FF Partner-owned stores and showrooms.

The FF 91 aims to deliver a top-quality experience that emphasizes personalization and comfort for all users of the vehicle, including both driver and passengers. In terms of driver comfort, there are six driver-specific screens including an ultra-large heads-up display and slim instrument cluster. The center information display supports on-screen gesturing with the swipe of a user’s fingers. The reconfigurable 3D touch steering wheel can allow further user configurability. The FF 91 is a connected device that has a voice-first user interface as well as an open ecosystem for third-party applications and offers an immersive audio, video, and media experience. There are over 100 inches of high-resolution viewing area across 11 displays embedded in the vehicle. These include industry’s first 17-inch front passenger screen and a large 27-inch rear passenger display, allowing passengers to stream their favorite movies, TV shows and live sports while the FF 91 is in motion without driver distraction. The voice-first foundation enables multiple natural commands at once, facilitating the areas of comfort (including air conditioning, seat positions, and doors), productivity (including text, email, and phone calls), entertainment (including media playlists and content search) and destination reaching (including refined search and navigation). The connectivity is powered by “Super Mobile AP”, which consists of up to three 5G modems to realize aggregated high internet speed and great coverage by multiple carriers for high-throughput and continuous coverage. The Artificial Intelligence system and use of FFID (automatically loaded through facial recognition in each seat) carry the personalized user experience from seat-to-seat and vehicle-to-vehicle. The front and rear passengers will have (post production and delivery) individual sound zones, which allow passengers in the front and passengers in the rear to listen to their separate audio content with minimal sound interference. The luxury interior design of the FF 91 Futurist also features “zero gravity” seats in the rear row (with industry leading 48.9 inches rear leg room and 60-degree recline). The vehicle will also offer a spa mode with personalized seat position, ventilation, massage settings, light animations, and ambient sound.

For autonomous driving, FF 91 is expected to have an array of cameras, sensors and LIDARs. Once an autonomous driving software solution is validated and released, FF anticipates that its autonomous driving system will deliver several highway autonomy and parking features, and through continuous learning over time, will enable Autonomous Valet Parking (“AVP”) - where the vehicle can autonomously navigate a parking lot, find a parking space and park itself. Eventually, the adaptive learning could allow the driver to use an application to park and summon the vehicle after the driver has exited the vehicle.

FF 91 will feature an advanced autonomous driving system that will deliver multiple ADAS features through a combination of FF’s own as well as partners’ applications. FF plans to devote resources to autonomous driving research and development and plans to work with partners to deliver full autonomous-driving capabilities in highway and urban driving, as well as parking, across its vehicle lines in the future.

As limited edition, FF 91 2.0 Futurist Alliance currently has a list price, or MSRP, of \$309,000.





FF 81

The FF 81 series is FF's planned second vehicle model and is aimed at the premium mass market in the D-segment or E-segment. The FF 81 will be designed and built on FF's proprietary VPA enabling more than 60% carry-over of common parts from the FF 91. In addition, parts developed for the FF 81 can be carried back to FF 91 series. The large number of common parts shared across vehicle models creates economics of scale and reduces costs.

The FF 81 aims to deliver a premium user experience that emphasizes personalization. The FF 81 is planned with high-performance computing and next generation connectivity with a voice-first user interface and open ecosystem for third-party applications. It also has integrated, autonomous driving features and the pertinent hardware capability, including cameras, radars, ultrasound sensors, and optional LIDAR(s).




FF 81 Futurist is expected to compete with vehicles such as the Tesla Models S/X, BMW X5 and Range Rover Sport and the like.

FF 71

FF's third planned passenger vehicle, the FF 71 series, is expected to be a connected electric vehicle with a more compact size aiming at the mass market in the C-segment or D-segment. The FF 71 will be designed to integrate full connectivity and advanced technology into a smaller vehicle size. FF will start design and development of the FF 71 series after sufficient funding is secured in a timely manner.

FF 71 Futurist is expected to compete with vehicles such as the Porsche Macan, BMW X3, and Jaguar I-Pace.

FF's Passenger Vehicle Portfolio

Vehicle ⁽¹⁾						
	FF 91 Futurist	FF 91	FF 81 Futurist	FF 81	FF 71 Futurist	FF 71
	Class defining luxury, performance, connectivity and personalized user experience		Premium mass market electric vehicles		Mass market vehicles with leading technology and connectivity	
Wheelbase / Segment	E/F Segment		D/E Segment		C/D Segment	
Some Competitive set	<ul style="list-style-type: none"> — MB Maybach — Ferrari Purosangue — Rolls Royce Cullinan — Bentley Bentayga — Lamborghini Urus 	<ul style="list-style-type: none"> — MB S-Class — MB G/GL/GLS — BMW 7 Series — Porsche Taycan — Lucid Sapphire — Range Rover 	<ul style="list-style-type: none"> — Tesla Model S/X — BMW X7 / i7 — Range Rover Sport — Land Rover Discovery 	<ul style="list-style-type: none"> — BMW 5-Series — MB E-Class — Rivian R1S — Jaguar J-Pace 	<ul style="list-style-type: none"> — Porsche Macan — BMW 3-Series — BMW X3 — MB GLC — Jaguar I-Pace — Range Rover Velar 	<ul style="list-style-type: none"> — Tesla Model 3/Y — MB C-Class — MB EQC

⁽¹⁾ Final pricing to be determined at time of vehicle launch.

Commercial Vehicles

Smart Last Mile Delivery (“SLMD”)

FF plans to provide purpose-built Smart Last Mile Delivery vehicles by leveraging its proprietary technologies developed for FF’s passenger vehicles, to build tailored SLMD configurations to meet the exact customer needs, whether for fleet provider or last mile delivery divisions, while reducing development time and costs.



FF’s technical solutions for advanced connectivity and user experience are well-suited to the SLMD market, where rapid growth is fueling demand for increasingly sophisticated solutions and features. Such features may include:

- Advanced connectivity and telematics for next-gen fleet management;
- OTA upgrade capability;
- Third party application integration on touch screen display;
- Surround view cameras for improved visibility; and
- Equipped with advanced autonomy and ready-for-future capabilities.

SLMD’s adaptive modular design enables additional use cases (utilities, tradesmen, and others) with minimal additional time or investment.

Manufacturing Strategy

FF builds its FF 91 series vehicles in its manufacturing facility in Hanford, California, which has an estimated annual capacity of 10,000 vehicles. FF will conduct operations similar to traditional vehicle manufacturing facilities such as body assembly, paint operations, final vehicle assembly, and end-of-line testing for FF 91 in the Hanford manufacturing facility. FF intends for its vehicle engineering and manufacturing teams to work alongside one another to streamline the feedback loop for rapid product enhancements and quality improvement and will extensively utilize virtual manufacturing simulation methods to validate operations and improve the manufacturing processes.

For additional capacity for production of the FF 91 (*i.e.*, exceeding 10,000 vehicles annually), FF can expand production operations in Hanford or seek capacity expansion elsewhere. For the FF 81, FF plans to outsource direct vehicle production to its contract manufacturing partner in South Korea, as FF believes outsourcing will reduce capital investment and accelerate its go-to-market strategy for producing and delivering the FF 81, while providing the benefit of flexibility to scale volume to match demand level. FF may outsource the production of the FF 71 to its contract manufacturing partner in South Korea or a manufacturing partner in China or elsewhere. These plans align with FF's hybrid, flexible manufacturing strategy. For more information about FF's manufacturing facility, see the discussion below under the heading "*– Facilities.*" For more information about FF's contract manufacturing and supply agreement with Myoung Shin in South Korea, see the discussion below under the heading "*– Key Agreements and Partnerships.*"

Sales, Delivery, and Servicing of Vehicle

FF initiated delivery of the first FF 91s in 2023. FF is adopting a direct sales model that utilizes a mix of online and offline presence to drive sales. FF's offline sales network will consist of FF experience centers and FF Partner-owned experience centers. The self-operated experience centers are expected to establish FF brand awareness and provide a seamless vehicle purchase experience, while the FF Partner-owned experience centers (established dealerships) are expected to expand the sales and distribution network without substantial capital investment by FF.

FF's contemplated flagship experience center, which is under construction, will be located in Beverly Hills, California. FF may consider other Company-operated experience centers in the U.S., China and the Middle East. These locations would operate as experiential showrooms for FF's electric vehicle models and would provide sales, after-sales, and charging services. The FF Partner-owned stores and showrooms would support FF's online-to-offline sales model, vehicle delivery, charging service and other user operations.

All purchase transactions will be processed online through FF's website or mobile apps, while FF Partners will support the process (including demonstration drives and providing vehicle information) and receive compensation based on a revenue sharing model and territory and/or services performed. Users accessing FF.com can directly purchase the vehicle online and can choose their closest FF experience centers or FF Partner-operated experience centers and showroom for support. Customers going to an FF Partner-operated experience center will be supported by staff and directed to FF.com for purchasing. FF believes that once the reputation of FF's vehicles has been established and users are familiar with FF vehicles, an increasing share of the vehicle sales process is likely to be completed fully online. This will further free up offline capacity and potentially increase productivity for FF's Partner-operated experience centers. As FF will oversee delivery of the vehicles, both FF stores and FF Partner-operated experience centers and showrooms will be able to run their operations in an asset-light fashion.

The FF Partner-owned experience centers and showrooms will be the prioritized network for servicing FF's vehicles, which may include repair, maintenance, and bodywork services. FF will also contract with select third-party service centers to ensure coverage and will deploy mobile service vans based on user demand. To ramp up its service capabilities, FF Eco Sales Company, LLC, FF's sales subsidiary, has engaged Somit Solutions (KPIT) to support FF Aftersales with the development of the underlying systems required to support all after-sales elements, such as repair order, warranty, parts catalog, repair manuals to support the expansion of the FF Service Network. Additionally, FF plans to engage with a national automotive services provider to support FF Aftersales operations, such as shipping logistics, as well as leveraging a service center network. FF users will benefit from FF's connected remote service platform.

FF outlined a 3-phase delivery plan aimed at delivering the best experience to all our users. This initial phase launched at the end of May 2023, marking the start of FF's delivery plan for the vehicle to the industry expert Futurist Product Officers (FPO).

In phase two, all FPO(s) are invited to purchase the vehicle and take full possession, receiving comprehensive training on vehicle's features. The second phase launched in August, 2023, and FF became a revenue generating company. In the meantime, FF continues to optimize its brand strategy, including the second brand strategy.

In the third and final phase, the FF 91 is made available to all users.

Co-Creation Program

Instead of the traditional one-way sales and marketing approach that is common in the automotive space, FF intends to build a direct and reciprocal relationship with our user base. On August 12, 2023, FF delivered the first FF 91 2.0 Futurist Alliance to its first industry expert Developer Co-Creator. FF intends to build brand awareness through this program.

Other Sales and Service Capabilities

To complement our brand-building efforts, our sales team was busy at building out our sales and services capabilities. Here's an overview of our recent advancements:

- **Leasing Program Launch:** In collaboration with Luxury Lease Partners, we've initiated a leasing program for our FF 91 2.0 Futurist Alliance owners. With competitive pricing, customers can acquire our flagship model with just a few electronic clicks, in line with our vision of an intelligent electric future.
- **Mobile Service Fleet:** We've activated our mobile service fleet, offering on-demand concierge service to our first FF 91 2.0 Futurist Alliance owners.
- **Bureau of Automotive Repair License:** Holding a license from the California Bureau of Automotive Repair is a testament to our commitment to uphold the highest compliance standards in vehicle maintenance, warranty repairs, and service.
- **Home Charging Installation Program Activation:** In alliance with Qmerit Electrification, we've launched our home charging installation program. The FF Home Charger, which supports up to 19.2 kW, is a Wi-Fi-connected smart charger compatible with most EVs.
- **Public Charging Program:** Ensuring uninterrupted travel for our vehicle owners, we've rolled out a public charging program. Every FF 91 2.0 Futurist Alliance owner is entitled to \$1,000 charging credits, applicable across major US EV charging networks.

FF Suppliers

FF has partnered with suppliers in North America, Europe, and Asia, and has on-boarded suppliers for all parts for the FF 91. FF aims to obtain systems, components, raw materials, parts, manufacturing equipment, and other supplies and services from suppliers which FF believes to be reputable and reliable.

Intellectual Property

FF has significant capabilities in the areas of vehicle engineering, development and design, and has developed a number of proprietary systems and technologies. As of December 31, 2023, FF had been granted approximately 660 patents (with approximately a third issued in the U.S., slightly less than two-thirds issued in China, and the remaining issued in other jurisdictions). These patents are issued to various FFIE entities, including Faraday Future, Faraday & Future, FF Automotive (China) Co., Ltd., Leka Automotive Intelligent Technology (Beijing) Co., Ltd., and LeEco Eco-Car (Zhejiang) Co., Ltd. FF intends to continue to file additional patent applications with respect to its technology. FF's patented technology covers UI/UX, powertrain, ADAS, body, hardware/software platform and chassis. Key patents include FF's inverter assembly, integrated drive and motor assemblies, methods and apparatus for generating current commands for an interior permanent magnet ("IPM") motor and seamless vehicle access system. These key patents will expire in 2035 or 2036.

Key Agreements and Partnerships

Strategic Partnership with Myoung Shin, South Korea

In February 2022, FF U.S. 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. Pursuant to the agreement, Myoung Shin shall maintain sufficient manufacturing capabilities and capacity to supply FF 81 vehicles to FF in accordance with the Company’s forecasts and purchase orders. FF 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.

Potential Partnership with Geely Holding

In December 2020, FF U.S. entered into a non-binding memorandum of understanding with Zhejiang Geely Holding Group Co., Ltd. (“Geely Holding”), who was also a subscriber in the Private Placement, pursuant to which the parties contemplate a strategic cooperation in various areas including engineering, technology, supply chain, and contract manufacturing.

In January 2021, FF Intelligent Mobility Global Holdings Ltd., FF Automotive (Zhuhai) Co., Ltd. and FF Hong Kong Holding Limited entered into a cooperation framework agreement with Zhejiang Geely Holding Group Co., Ltd. pursuant to which Geely Holding agreed to explore the possibility of joint investment in the technology licensing, contract manufacturing and joint venture with FF and the city, as well as to pursue the possibility of further business cooperation with the joint venture. The joint venture and contract manufacturing projects with Geely Holding are on hold.

After-Sales and Service

FF U.S. has engaged Somit Solutions (KPIT) to support the development of the underlying After-sales Service Systems (U.S. and China), plans to further engage a US based national automotive services provider to support Aftersales Operations (U.S. only), and has engaged Salesforce (U.S. only) to deliver and service the FF 91 in compliance with governmental agencies and to support critical path alignment with the Company’s user journeys.

Strategic Agreement with the City of Huanggang

On January 17, 2023, FF announced that, in the third quarter of fiscal year 2022, it had reached a non-binding Cooperation Framework Agreement with the government of the City of Huanggang in Hubei Province, China (“Huanggang”), for promoting FF’s U.S.-China dual-home market strategy. According to the Cooperation Framework Agreement, FF intends to relocate its FF China headquarters to Huanggang, while maintaining its global headquarters in Los Angeles, California. In accordance with the Cooperation Framework Agreement, both parties are expected to contribute their respective advantages in investment, scientific and technological innovation, industrial transformation, location, and policy. Huanggang is expected to actively assist FF by providing assistance with industrial layout and deployment of resources and providing financial and policy support. The FF China headquarters is expected to be jointly funded by the Huanggang Government guide fund, industrial fund, and FF.

Human Capital Management and Resources

As of December 31, 2023, FF had 505 full time employees globally. A majority of FF’s employees are engaged in research and development and related engineering, manufacturing, and supply chain functions. To preserve its current cash position, FF may implement additional headcount reductions, taking into account FF’s financial condition and market conditions.

In the future, FF may ramp up additional hiring efforts for its targeted vehicle production and delivery. FF’s targeted hires typically have significant experience working for reputable OEMs, software, internet, consumer electronics and artificial intelligence companies, as well as tier-one automotive suppliers and engineering firms. FF has not experienced any work stoppages and considers its relationship with its employees to be good. None of FF’s employees are subject to a collective bargaining agreement or represented by a labor union.

The FF team is composed of experienced talent from a variety of industry backgrounds and nationalities with a common goal of creating highly innovative and unique products. FF’s human capital resources objectives include, as applicable,

identifying, recruiting, retaining, incentivizing and integrating existing and additional employees. FF is committed to the principle of ESG and is committed to building a safer, cleaner world. We have a diverse workforce and are committed to maintaining the highest standards of ethics and behavior.

Governmental Regulations, Programs and Incentives

FF operates in an industry that is subject to extensive environmental regulation, which has become more stringent over time. The laws and regulations to which FF is subject govern, among others, vehicle emissions and the storage, handling, treatment, transportation and disposal of hazardous materials and the remediation of environmental contamination. Compliance with such laws and regulations at an international, regional, national, provincial and local level is critical to FF's ability to continue its operations.

Environmental standards applicable to FF are established by the laws and regulations of the countries in which FF operates, standards adopted by regulatory agencies and the permits and licenses issued to FF. Each of these sources is subject to periodic modifications and comprise what FF anticipates will be increasingly stringent requirements. Violations of these laws, regulations or permits and licenses may result in substantial administrative, civil or even criminal fines, penalties and orders to cease any violating operations or to conduct or pay for corrective work. In some instances, violations may also result in the suspension or revocation of permits or licenses.

Vehicle Safety and Testing Regulation

FF vehicles will be subject to, and must comply with, numerous regulatory requirements established by the National Highway Traffic Safety Administration ("NHTSA"), including all applicable FMVSS. As a manufacturer, FF self-certifies that its vehicles meet all applicable FMVSSs before the vehicles can be sold in the U.S. There are many FMVSSs that apply to FF vehicles, such as crash-worthiness requirements, active safety requirements and electric vehicle requirements (e.g., limitations on electrolyte spillage, battery retention and avoidance of electric shock after certain crash tests).

In addition to FMVSS, FF is required to comply with other federal laws administered by NHTSA, including the Corporate Average Fuel Economy ("CAFE") standards, Theft Prevention Act requirements, consumer information labeling requirements, early warning reporting requirements regarding warranty claims, field reports, death and injury reports and foreign recalls and owners' manual requirements. FF must also comply with the Automobile Information and Disclosure Act, which requires manufacturers of motor vehicles to disclose certain information regarding the manufacturer's suggested retail price, optional equipment and other pricing. In addition to meeting NHTSA obligations, FF is also required to comply with the Environmental Protection Agency (EPA) and California Air Resource Board (CARB) with respect to annual compliance certification and running change impacts in case the vehicle range is impacted by software or hardware updates. Additionally, NHTSA can, at its discretion, purchase FF vehicles to run a New Car Assessment Program (NCAP), which would require the crash test results to be printed on the Monroney Label, as part of the consumer information federal requirements, which combines both NHTSA and EPA consumer information in a single document that is affixed to each new vehicle sold.

FF vehicles sold outside of the U.S. will be subject to similar foreign safety, environmental, and other regulations. If those regulations and standards are different from those applicable in the U.S., FF will redesign and/or retest its vehicles. For example, the European Union ("E.U.") has published new Vehicle General Safety Regulations, applying from July 6, 2022, which introduced a range of mandatory advanced driver assistant systems to improve road safety and establishes the legal framework for the approval of automated and fully driverless vehicles in the EU., FF vehicles sold in China will be subject to compulsory product certification by certification authorities designated by the State Certification and Accreditation Administration Committee. Additionally, for FF vehicles to be approved for manufacture and sale in China, FF vehicles will need to be added to the Announcement of Vehicle Manufacturers and Products issued by the Ministry of Industry and Information Technology ("MIIT") of China, by showing compliance with the relevant safety and technical requirements and other conditions, including among others, the Administrative Rules on the Admission of New Energy Vehicle Manufacturers and Products and the Administrative Rules on the Admission of Passenger Vehicles Manufacturer and Products, and passing the review by the MIIT.

Battery Safety and Testing Regulations

FF's battery packs must conform to mandatory regulations governing the transport of "dangerous goods" that may present a risk in transportation, which includes lithium-ion batteries, and are subject to regulations issued by the Pipeline and Hazardous Materials Safety Administration. ("PHMSA"). These regulations are based on the UN Recommendations on the Safe Transport of Dangerous Goods Model Regulations and related UN Manual Tests and Criteria. The regulations vary by mode of transportation when these items are shipped, such as by ocean vessel, rail, truck, or air. FF will complete the applicable

transportation tests for its battery packs, demonstrating its compliance with applicable regulations. FF uses lithium-ion cells in its high-voltage battery packs. The use, storage and disposal of FF's battery packs is regulated under federal law. FF will enter into agreements with third-party battery recycling companies to recycle FF's battery packs. In addition to this, China and Europe have stringent battery safety regulations which FF designs its batteries to comply with.

Environmental Credits

In connection with the production, delivery, and placement into service of FF's zero-emission vehicles, FF may earn tradable credits under certain governmental programs designed to incentivize such activities. FF may sell FF future credits to automotive companies and other regulated entities who can use the credits to comply with emission standards and other regulatory requirements. Under the Environmental Protection Agency's Light-Duty Vehicle Greenhouse Gas Emissions Standards, FF may generate carbon dioxide emissions credits that can be sold to conventional internal combustion engine vehicle manufacturers. On December 30, 2021, EPA issued new greenhouse gas emissions standards for model years 2023-2026 light duty vehicles that accelerates the annual year-over-year increase in the stringency of the standards from 1.5% to 5-10%. These standards include carbon dioxide emission credit multipliers for the sale of electric vehicles, and EPA predicts that the standards will result in electric and plug-in hybrid vehicles having a market share of approximately 17% by model year 2026. Similarly, on August 25, 2022, the California Air Resources Board approved the Advanced Clean Cars II rule, which amends California's existing Zero Emission Vehicle Regulation to require an increasing number of zero-emission vehicles starting with model year 2026 and growing to a 100% transition of light duty passenger vehicles to electric vehicles by model year 2035. Under both federal and California regulations, FF may earn salable regulatory credits as vehicle manufacturers are required to meet annual emissions or zero-emissions vehicle sales requirements or purchase commensurate offset credits. FF may also earn similar fuel economy and clean fuels credits under other regulatory regimes in the U.S. and abroad.

EPA Emissions and Certification

The U.S. Clean Air Act requires that FF obtain a Certificate of Conformity issued by the EPA and approval under California Executive Order issued by CARB certifying that FF vehicles comply with all applicable emissions requirements. A Certificate of Conformity is required for vehicles sold under the EPA Clean Air Act's standards. A CARB Executive Order is required for vehicles sold in states that have adopted California's stricter standards for emissions controls related to new vehicles and engines sold in such states. States that have adopted the California standards as approved by EPA also recognize the CARB Executive Order for sales of vehicles, of which the FF 91 is certified under the CARB executive order as a zero-emission vehicle. In addition to California, there are 17 other states that have either adopted or are in the process of adopting the stricter California standards, including New York, Massachusetts, Vermont, Maine, Pennsylvania, Connecticut, Rhode Island, Washington, Oregon, New Jersey, Maryland, Virginia, Delaware, Colorado, Minnesota, Nevada, Virginia, and New Mexico. FF has current for the FF 91 both the EPA certificate of conformity and is certification from CARB as being a zero-emission vehicle, and an EPA attested range of 381 miles. Starting in model year 2026, FF must also meet California data standardization requirements for zero-emission vehicles, which specifies required vehicle and battery data that must be made available to vehicle owners through a scan tool device.

Regulation—Self Driving

Currently, there are no federal U.S. regulations pertaining to the safety of self-driving vehicles; however, the NHTSA has established recommended guidelines. Certain U.S. states have legal restrictions on self-driving vehicles, and many other states are considering them. This patchwork of licensing requirements increases the legal complexity for FF's vehicles. In Europe, certain vehicle safety regulations apply to self-driving braking and steering systems, and certain treaties also restrict the legality of certain higher levels of self-driving vehicles. Self-driving laws and regulations are expected to continue to evolve in numerous jurisdictions in the U.S. and foreign countries, and may create restrictions on self-driving features that FF develops. International standards exist for ensuring the safety of intended functionality, which provides a framework for original equipment manufacturers (OEM) to build a safety case as part of the development of robustly designed and validated self-driving vehicles. For the current deployment of self-driving vehicles, permits are required which include approved, limited, operational design domains which define the limits to which self-driving vehicles are able to operate in.

Automobile Manufacturer and Dealer Regulation

U.S. state laws regulate the manufacture, distribution and sale of automobiles, and generally require motor vehicle manufacturers and dealers to be licensed in order to sell vehicles directly to consumers in the state. FF will need to secure dealer licenses (or their equivalent) and engage in sales activities for its self-operated experience centers and service centers, while partners in certain states will support by providing services via partner-owned experience centers and showrooms. FF U.S. has received its dealer license from the State of California and is able to sell automobiles across the U.S.

In China, automobile suppliers and dealers are required to receive a business license and file and update the relevant information through the information management system for the national automobile circulation operated by the competent commerce department in China. Additionally, according to the Administrative Measures on Automobile Sales, automobile suppliers and dealers shall sell automobiles, spare parts, and other related products that are in compliance with relevant provisions and standards of the state, and the dealers shall, in an appropriate manner, expressly indicate the prices of automobiles, spare parts, and other related products as well as the rates of charges for various services on their business premises, and shall not sell products at higher prices or charge other fees without express indication.

Competition

FF has experienced, and expects to continue to experience, intense competition from several companies, particularly as the transportation sector increasingly shifts towards low-emission, zero-emission, or carbon neutral solutions. Many established and new automobile manufacturers have entered or have announced plans to enter the alternative fuel and electric vehicle market. Many major automobile manufacturers, such as Tesla, Porsche, Mercedes, Rolls Royce and Audi, have electric vehicles available today. Other current and prospective automobile manufacturers are also developing electric vehicles, for example Nio, xPeng, Li Auto, Lucid Motors, Canoo and Fisker, among others. In addition, several manufacturers offer hybrid vehicles, including plug-in versions. FF directly competes with other pure-play electric vehicle companies targeting the high-end segment, while also competing to a lesser extent with new energy vehicles (“NEVs”) and internal combustion engine (“ICE”) vehicles in the mid to high-end segment offered by traditional OEMs. FF believes the primary competitive factors in the electric vehicle market include, but are not limited to:

- pricing;
- technological innovation, recently enhanced through PT Gen 2.0;
- vehicle performance, quality, safety and reliability;
- space, comfort, and user experience;
- service and charging options;
- design, styling, and interior materials; and
- manufacturing efficiency.

FF believes that it will compete favorably with its competitors on the basis of these factors. However, most of FF’s current and potential competitors have greater financial, technical, supply chain, manufacturing, marketing, and other resources than FF. They may be able to deploy greater resources to the design, development, manufacturing, supply chain, distribution, promotion, sales, marketing, and support of their electric vehicles. Additionally, FF’s competitors may also have greater name recognition, longer operating histories, lower cost of materials, larger sales forces, broader customer and industry relationships, and other resources than FF does.

Enforceability

Certain of our current operations are conducted in the PRC through our wholly owned subsidiaries. All or a substantial portion of the assets of these persons are located outside the U.S. and in the PRC. As a result, it may not be possible to effect service of process within the U.S. or elsewhere outside the PRC upon these persons. In addition, uncertainty exists as to whether the courts of the PRC would recognize or enforce judgments of U.S. courts obtained against us or such director predicated upon the civil liability provisions of the securities laws of the U.S. or any state thereof, or be competent to hear original actions brought in the PRC against us or such director predicated upon the securities laws of the U.S. or any state thereof. See “*Risk Factors – Risks Related to FF’s Operations in China – There may be difficulties in effecting service of legal process, conducting investigations, collecting evidence, enforcing foreign judgments or bringing original actions in China based on United States or other foreign laws against us and our management.*”

ITEM 1A. RISK FACTORS

Below is a summary of material factors that make an investment in our Common Stock speculative or risky. Importantly, this summary does not address all the risks and uncertainties that we face. Additional discussion of the risks and uncertainties summarized in this risk factor summary, as well as other risks and uncertainties that we face, can be found under “*Cautionary Note Regarding Forward-Looking Statements*” and *Part I, Item 1A, “Risk Factors*” in this Form 10-K. The below summary is qualified in its entirety by those more complete discussions of such risks and uncertainties. You should consider carefully the risks and uncertainties described under Part I, Item 1A, “Risk Factors” in this Form 10-K as part of your evaluation of an investment in our Common Stock.

Summary Risk Factors

An investment in our Class A Common Stock involves substantial risk. The occurrence of one or more of the events or circumstances described in the section entitled “*Risk Factors*,” alone or in combination with other events or circumstances, may have a material adverse effect on our business, cash flows, financial condition and results of operations. Important factors and risks that could cause actual results to differ materially from those in the forward-looking statements include, among others, the following:

Risks Related to FF’s Business and Industry

- FF does not have sufficient liquidity to pay its outstanding obligations and to operate its business and it will likely file for bankruptcy protection if it is unable to access additional capital.
- FF has missed rental payments on all of its leased properties and may be in breach of its insurance obligations.
- FF has a limited operating history and faces significant barriers to growth in the electric vehicle industry.
- FF has incurred substantial losses in the operation of its business and anticipates that it will continue to do so.
- FF expects its operating expenses to increase significantly, which may impede its ability to achieve profitability.
- FF’s operating results forecast relies in large part upon assumptions and analyses developed by its management. If these assumptions and analyses prove to be incorrect, its actual operating results could suffer.
- FF’s payroll expenses reduction plan may not be successful.
- FF has significant unfunded commitments from its investors. If FF is unable to satisfy the conditions to funding or if there is a dispute regarding the conversion requirements related to the unfunded commitments, FF may not have enough capital to support its business and could be subject to investor legal claims.
- FF has historically incurred substantial indebtedness and may incur substantial additional indebtedness in the future, and it may not be able to refinance borrowings on terms that are acceptable to FF, or at all.
- The production and delivery of the FF 91 Futurist has experienced, and may continue to experience, significant delays.
- Non-binding pre-orders and other non-binding indications of interest may not be converted into binding orders/sales.
- FF may have insufficient reserves to cover future warranty claims.
- FF has taken remedial measures in response to the Special Committee findings that may be unsuccessful.
- FF is involved in an SEC investigation and may be further subject to investigations and legal proceedings related to the matters underlying the Special Committee investigation and other matters.
- FF will depend on revenue generated from a single series of vehicles for the foreseeable future.
- The market for FF’s vehicles, including its SLMD vehicles, is nascent and not established.
- FF depends on its suppliers, the majority of which are single-source suppliers.
- FF’s decision to manufacture its own vehicles in its leased FF ieFactory does not guarantee FF will not incur significant delays in the production of the vehicles.
- FF has minimal experience servicing and repairing its vehicles.
- Changes in U.S. and international trade policies may adversely impact FF’s business and operating results.
- FF faces competition from multiple sources, including new and established domestic and international competitors, and expects to face competition from others in the future, including competition from companies with new technology.
- FF’s go-to-market and sales strategy will require substantial investment and commitment of resources and is subject to numerous risks and uncertainties.
- If FF is unable to attract and/or retain key employees and hire qualified Board members, officers and other individuals, its ability to compete could be harmed.
- The discovery of defects in vehicles may result in delays in production and delivery of new models, recall campaigns or increased warranty costs.
- FF may become subject to product liability claims, which could harm its financial condition and liquidity .
- If FF is sued for infringing or misappropriating intellectual property rights of third parties, litigation could be costly and time consuming and could prevent FF from developing or commercializing its future products.

- FF has elected to protect some of its technologies as trade secrets rather than as patents, however, this approach has certain risks and disadvantages.
- FF is dependent upon its proprietary intellectual properties.
- FF is subject to stringent and changing laws, regulations, standards and contractual obligations related to data privacy and security.
- FF is subject to cybersecurity risks relating to its various systems and software, or that of any third party that FF relies upon, and any failure, cyber event or breach of security could substantially harm FF.
- FF and its suppliers and manufacturing partners may be subject to increased environmental and safety or other regulations and disclosure rules resulting in higher costs, cash expenditures, and/or sales restrictions.
- FF might not obtain/maintain sufficient insurance coverage, which could expose FF to significant costs and disruption.
- Yueting Jia's public image may color public and market perceptions of FF. Negative information about Mr. Jia may adversely impact FF. Disassociating from Mr. Jia could also adversely impact FF.
- Yueting Jia is subject to restrictions in China that may adversely impact FF's China strategy.
- Yueting Jia and FF Global, over which Mr. Jia exercises significant influence, have control over the FF's management, business and operations, and may use this control in ways that are not aligned with FF's interests.
- Disputes with FF's stockholders are costly and distracting.
- FF is subject to legal proceedings, claims, and disputes arising both in and outside the ordinary course of business.

Risks Related to FF's Operations in China

- Policy changes of the PRC government may materially and adversely affect FF.
- Uncertainties with respect to the Chinese legal system, regulations and policies could have a material adverse effect.
- Fluctuations in exchange rates could result in foreign currency exchange losses to FF.
- Changes in the laws and regulations of China or noncompliance with applicable laws and regulations may have a significant impact on FF's business, results of operations and financial condition.
- FF is a holding company and may rely on dividends and other distributions on equity paid by the PRC Subsidiaries.
- PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent FF from making loans or additional capital contributions to the PRC Subsidiaries.
- The PRC government can take regulatory actions and make statements to regulate business operations in China with little advance notice.
- The approval of, or filing or other administrative procedures with, the CSRC or other PRC governmental authorities may be required in connection with certain of FF's financing activities, and, if required, it cannot predict if it will be able to obtain such approval or complete such filing or other administrative procedures.
- U.S. regulatory bodies may be limited in their ability to conduct investigations or inspections of our China operations.
- A significant portion of FF's financing is expected to come from investors in China, and such investment is subject to delay due to due diligence review, including know your customer, anti-money laundering and other review.

Risks Related to the Restatement

- FF's inability to remediate in its internal control over financial reporting, or identification of additional material weaknesses or other failure to maintain effective internal control over financial reporting, has, and could further, result in material misstatements in FF's consolidated financial statements and FF's ability to accurately or timely report.
- FF faces risks related to the restatement of its previously issued consolidated financial statements.

Risks Related to FF's Common Stock

- FF is not able to continue to utilize its "at-the-market" equity program.
- FF is not currently in compliance with the continued listing requirements for Nasdaq and may be delisted, which could affect the market price and liquidity for the FF's Common Stock and reduce the FF's ability to raise additional capital.
- If FF seeks to implement a reverse stock split in order to remain listed on Nasdaq, the announcement or implementation of such a reverse split could negatively affect the price of its Common Stock
- The price of the Class A Common Stock has been and may continue to be volatile, and you could lose all or part of your investment.
- FF may issue additional shares of Common Stock or preferred shares, which would dilute stockholder interests.
- FF has granted preferential director nomination rights to certain investors which may cause FF to fall out of compliance with Nasdaq listing rules.
- Claims for indemnification by FF's directors and officers may reduce its available funds to satisfy successful third-party claims against it and may reduce the amount of money available to it.

RISK FACTORS

An investment in our common stock involves risk. Before investing in our common stock, in addition to the other information described in Item 2 (“Management’s Discussion and Analysis of Financial Condition and Results of Operations”) of Part II,” you should carefully consider the following risks. Such risks are not the only ones that relate to our businesses and capitalization. The risks described below are considered to be the most material. However, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on our businesses. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. If any of the events described below or in the documents incorporated by reference herein were to occur, our businesses, prospects, financial condition, results of operations and/or cash flows could be materially adversely affected, which in turn could have a material adverse effect on the value of our common stock.

Risks Related to FF’s Business and Industry

FF does not have sufficient liquidity to pay its outstanding obligations and to operate its business and it will likely file for bankruptcy protection if we are unable to access additional capital.

Since inception, we have incurred cumulative losses from operations, negative cash flows from operating activities and has an accumulated deficit of \$3,958.5 million, \$3,526.8 million and \$2,907.6 million as of December 31, 2023, 2022 and 2021, respectively. We expect to continue to generate significant operating losses for the foreseeable future. Based on our recurring losses from operations since inception and continued cash outflows from operating activities, in our audited consolidated financial statements for the years ended December 31, 2023 and 2022, we concluded that this circumstance raised substantial doubt about our ability to continue as a going concern within one year from the original issuance date of such financial statements. Similarly, in their audit reports on the consolidated financial statements for the years ended December 31, 2023 and 2022, our current and former independent registered public accounting firms included an explanatory paragraph stating that our recurring losses from operations and continued cash outflows from operating activities raised substantial doubt about our ability to continue as a going concern. Our consolidated financial statements for the years ended December 31, 2023 and 2022 do not include any adjustments that may result from the outcome of this uncertainty. As of the date our consolidated financial statements for the year ended December 31, 2023 were issued, our management determined that FF would be required to obtain additional funding to continue as a going concern, resulting in there being substantial doubt about its ability to continue as a going concern.

FF only recognized \$0.8 million in revenue during the second half of the year ended December 31, 2023. FF relies on capital from investors to support its operations. To date, we have primarily financed our operations through the sale of our Class A Common Stock, warrants and convertible notes. For example, on June 16, 2023, we filed a Registration Statement on Form S-3 covering the offering of up to \$300.0 million of Class A Common Stock and warrants, which was declared effective by the SEC on June 28, 2023 (the “Registration Statement”). On September 26, 2023, we also entered into a sales agreement with Stifel, Nicolaus & Company, Incorporated, B. Riley Securities, Inc., A.G.P./Alliance Global Partners, Wedbush Securities Inc. and Maxim Group LLC, as sales agents, to sell shares of Common Stock, from time to time, with aggregate gross sales proceeds of up to \$90.0 million pursuant to the Registration Statement as an “at-the-market” (the “ATM Program”) offering under the Securities Act of 1933, as amended (the “Securities Act”). The ATM Program was the primary source of liquidity for FF from September to December 2023. As of December 31, 2023, our principal source of liquidity was cash totaling \$1.9 million, which was held for working capital and general corporate purposes. As of December 31, 2023, our cash position was \$4.0 million, including restricted cash of \$2.1 million. For a discussion of our capital needs and the current status of our financing efforts, see “– FF does not have sufficient liquidity to pay its outstanding obligations and to operate its business and it will likely file for bankruptcy protection if it is unable to access additional capital.”

We do not have sufficient cash on hand to meet our current obligations and are unable to generate cash through our ATM Program or via our Registration Statement because we are not currently S-3 eligible. For further detail, see “–FF is not able to continue to utilize its “at the market program.” We also have extremely limited remaining authorized share availability to generate cash through equity or equity-linked issuances. If we are unable to find additional sources of capital, we will lack sufficient resources to fund our outstanding obligations and continue operations and we will likely have to file for bankruptcy protection and our assets will likely be liquidated. Our equity holders would likely not receive any recovery at all in a bankruptcy scenario.

FF has missed rental payments on all of its leased properties and may be in breach of its insurance obligations under its property leases.

FF leases five facilities in California and three facilities in China for manufacturing, retail, office, administrative services, R&D and strategic planning purposes. FF is behind on rental payments at all locations. Additionally, FF does not currently have the insurance coverage required under some property leases.

FF is taking certain actions, and may take additional actions, with respect to many if not all of its existing leases, including negotiating with landlords for rent abatement or deferral, terminating certain leases, or discontinuing rent payments, which may subject FF to legal, reputational and financial risks. FF can provide no assurances that any forbearance of its lease obligations will be provided to it, nor that FF will be able to regain compliance with its lease obligations. If, as a result, FF's leases are terminated, FF may not be able to continue production of its vehicles. If FF is unable to continue production, FF will likely have to file for bankruptcy protection and its assets will likely be liquidated. FF's equity holders would likely not receive any recovery at all in a bankruptcy scenario.

FF has a limited operating history and faces significant barriers to growth in the electric vehicle industry.

FF expects to need substantial additional financing to start the third phase of its three phase delivery plan. 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 the required production volumes to successfully grow into a viable business.

Although FF has started production and delivery on its first electric vehicle, it faces significant barriers to growth in the electric vehicle industry, including continuity in development and production of safe and quality vehicles, brand recognition, customer base, marketing channels, pricing policies, talent management, value-added service packages and sustained technological advancement. If FF fails to address any or all of these risks and barriers to entry and growth, its business and results of operation may be materially and adversely affected.

Given FF's limited operating history, the likelihood of its success must be evaluated especially considering the risks, expenses, complications, delays and the competitive environment in which it operates. There is, therefore, no assurance that FF's business plan will prove successful. FF will continue to encounter risks and difficulties frequently experienced by early commercial stage companies, including scaling its infrastructure and headcount, and may encounter unforeseen expenses, difficulties or delays in connection with its growth. In addition, due to the capital-intensive nature of FF's business, it can be expected to continue to incur substantial operating expenses without generating sufficient revenues to cover those expenditures. There is no assurance FF will ever be able to generate revenue consistently, raise additional capital when required or operate profitably. Any investment in FF is therefore highly speculative.

FF has incurred substantial losses in the operation of its business and anticipates that it will continue to do so. It may never achieve or sustain profitability.

The design, engineering, manufacturing, sales and service of intelligent, connected electric vehicles is a capital-intensive business. FF has incurred losses from operations and has had negative cash flows from operating activities since inception. FF incurred a net loss of \$431.7 million and \$602.2 million for the years ended December 31, 2023 and 2022, respectively. Net cash used in operating activities was \$278.2 million and \$383.1 million for the years ended December 31, 2023 and 2022, respectively.

FF may incur unforeseen expenses, or encounter difficulties, complications, and delays in delivering the FF 91 series, and therefore may never generate sufficient revenues to sustain itself. Even though FF has begun initial deliveries of the FF 91 series, it may continue to incur substantial losses for a variety of reasons, including the lack of demand for the FF 91 series and the relevant services, vehicle service and warranty costs, increasing competition, challenging macroeconomic conditions, regulatory changes and other risks discussed herein, and so it may never achieve or sustain profitability.

Given the risks associated with FF's ability to obtain additional funding to execute on its plans to develop and deliver vehicles and begin to generate significant revenue, the amount of additional funding needed could differ from earlier estimates and the timing to reach profitability and positive cash flows could be further delayed. Based on delays in obtaining sufficient funding relative to its plans, as well as the likelihood that FF's plan will be implemented successfully, timely, or at all, once such funding is in place, FF cannot estimate a breakeven point at this time.

FF has delayed the development of other planned vehicles in the portfolio (FF 81 series, FF 71 series, and SLMD) and substantially reduced incremental spending on the development of future vehicles with the goal of reducing new capital requirements in 2024.

FF expects its operating expenses to increase significantly in the future, which may impede its ability to achieve profitability.

FF expects to further incur significant operating costs including R&D expenses, capital expenditures relating to its manufacturing capacities, additional operating costs and expenses for production ramp-up, raw material procurement costs, general and administrative expenses as it seeks to scale its operations, and sales, marketing, and distribution expenses as it builds its brand and markets its vehicles. Additionally, it may incur significant costs as it delivers the FF 91 series, including vehicle service and warranty expenses.

FF's ability to become profitable will not only depend on its ability to successfully market its vehicles and other products and services, but also to control costs. Ultimately, FF may not be able to adequately control costs associated with its operations for reasons outside its control, including the cost of raw materials such as aluminum, steel and lithium-ion cells. Substantial increases in such costs could increase FF's cost of revenue and its operating expenses and reduce its margins. Additionally, currency fluctuations, inflationary pressures, tariffs or shortages in petroleum and other economic or political conditions could result in significant increases in logistics and freight charges and raw material costs. If FF is unable to design, develop, manufacture, market, sell and service its vehicles, including providing service in a cost-efficient manner, its margins, profitability, and prospects would be materially and adversely affected.

The rate at which FF may incur costs and losses may increase significantly as it:

- continues to develop the FF 91, and potentially refocuses on the FF 81, and FF 71 series and SLMD electric vehicle models;
- continues to develop and equip its manufacturing facility in Hanford, California to produce the FF 91 series, and prepares for manufacturing capabilities in South Korea and other potential manufacturing options, and in China for additional production capacity for the FF 91 series and other electric vehicle models;
- builds up inventories of parts and components for the FF 91 series;
- develops and expands its design, development, maintenance, servicing and repair capabilities;
- potentially looks to open offline FF stores; and
- increases its sales and marketing activities.

These efforts may be more expensive than FF currently anticipates, and these efforts may not result in increases in revenues, which could further increase its losses. As FF is seeking funding to realize its business operations plan based on its estimated capital requirements, any cost overruns that deviate from FF's estimates may materially and adversely affect its business prospects, financial condition and results of operations.

FF's operating results forecast relies in large part upon assumptions and analyses developed by its management. If these assumptions and analyses prove to be incorrect, its actual operating results could suffer.

FF operates in a capital-intensive industry which requires significant cash to fund its operations, and FF will require substantial additional capital to support the continued production and delivery of the FF 91 series, put FF on a path toward cash flow break-even, and satisfy its additional capital needs, including resuming development of its other electric vehicle models. See “- FF does not have sufficient liquidity to pay its outstanding obligations and to operate its business and it will likely file for bankruptcy protection if it is unable to access additional capital” for a discussion of FF's capital needs and the current status of its financing efforts.

FF's operating results forecast largely relies on management's assumptions and analyses, which could be incorrect. Additionally, there cannot be any assurance that FF's current fundraising efforts will be successful. Whether actual operating and financial results and business developments will be consistent with FF's expectations and assumptions as reflected in the forecast depends on a number of factors, many of which are outside FF's control, including, but not limited to:

- whether it can obtain sufficient and timely capital to sustain and grow its business, including the development of future vehicle models;
- its ability to manage growth;
- whether it can manage relationships with key suppliers;
- whether it can sign up and manage relationships with business partners for them to invest in and operate sales and service centers;
- the ability to obtain necessary regulatory approvals;
- demand for its products and services in its target markets;
- the timing and cost of new and existing marketing and promotional efforts;
- competition, including established and future competitors;
- its ability to retain existing key management, to integrate recent hires and to attract, retain and motivate qualified personnel;
- the overall strength and stability of domestic and international economies;
- regulatory, legislative and political changes; and
- consumer spending habits.

Specifically, FF's operating results forecast is based on projected purchase prices, unit costs for materials, manufacturing, labor, packaging and logistics, warranty, sales, marketing and service, tariffs, and its projected number of orders for the vehicles with factors such as industry benchmarks taken into consideration. Any of these factors could turn out to be different than those anticipated. Unfavorable changes in any of these or other factors, most of which are beyond FF's control, could materially and adversely affect its business, prospects, financial results and results of operations.

FF's payroll expenses reduction plan may not be successful.

In December 2023, FF implemented an expenses reduction plan to reduce operating costs. The number of employees at FF subsequently decreased from 499 on December 1, 2023, to 288, including those on leaves of absence and furloughed, as of May 14, 2024. FF instituted ongoing pay cuts for many of its employees and instituted an ongoing pay cap for members of the senior leadership team, among other actions.

These expense reduction measures may yield unintended consequences and costs, such as the loss of institutional knowledge and expertise, attrition beyond the intended reduction-in-force, a reduction in morale among remaining employees, and the risk that FF may not achieve the anticipated benefits, all of which may have an adverse effect on FF's results of operations and financial condition. In addition, FF may be unsuccessful in distributing the duties and obligations of departed employees among remaining employees or to external service providers. FF may also discover that the reductions in workforce and cost cutting measures will make it difficult to ramp up production as anticipated, which may result in additional and unanticipated costs and expenses. FF may further discover that, despite the implementation of its expense reduction plan, it may not have sufficient capital to cover operating expenses and FF will likely have to file for bankruptcy protection and its assets will likely be liquidated. FF's equity holders would likely not receive any recovery at all in a bankruptcy scenario.

FF has significant unfunded commitments from its investors. If FF is unable to satisfy the conditions to funding or if there is a dispute regarding the conversion requirements related to the unfunded commitments, FF may not have enough capital to support its business and could be subject to investor legal claims.

Pursuant to the Secured SPA, Unsecured SPA, the Unsecured Streeterville SPA, FFVV Joinder, and the Senyun Joinder, (each as defined in Note 7, *Notes Payable* to the Notes to Consolidated Financial Statements) FF has obtained commitments from several investors totaling \$554.5 million in convertible note financing and \$20.0 million in committed forced warrant exercise proceeds, subject to certain conditions. A total of \$351.5 million under these commitments had been funded as of December 31, 2023 (\$273.3 million net of original discount and transaction costs) with the remaining unfunded commitment of \$223.0 million. Investors of the convertible notes have the option to purchase an additional up to 100% of the committed notes

at the same economics. In aggregate, these investors have an option to invest an additional \$366.0 million of which the \$39.0 million (\$33.8 million net of original issuance discount and transaction fees) has been funded with the remaining optional funding of \$327.0 million. There can be no assurance that FF will be able to successfully satisfy the conditions to receive the additional funding. Further, if FF fails to satisfy these funding conditions to receive the unfunded commitments, FF may be required to further delay its production and delivery plans for the FF 91 2.0 Futurist Alliance, reduce headcount, liquidate our assets, file for bankruptcy, reorganize, merge with another entity, and/or cease operations. In addition, during and after the third quarter of 2023, FF temporarily suspended effecting the conversion requests from its noteholders. As of and since December 31, 2023, FF was and had been in default on the Secured SPA Notes (as defined in Notes 7, *Notes Payable* to the Notes to Consolidated Financial Statements). While FF has begun effecting these conversion requests, there can be no assurance that FF will not again suspend effecting such requests in a manner that could result in an event of default and monetary penalties under the various securities purchase agreements. Further, FF may be subject to legal claims by the investors, which could have a material and adverse impact on FF's reputation and financial condition.

FF may also be subject to legal claims arising from disagreement over the terms of its securities. For example, FF previously issued certain convertible notes (the "Senyun Notes") to Senyun International Ltd. ("Senyun"). The Senyun Notes are subject to a restriction that FF will not convert the Senyun Notes, and Senyun will not have the right to convert the Senyun Notes, to the extent that Senyun would own more than 9.99% of FF's outstanding Class A Common Stock of FF after giving effect to the conversion. In May 2023, Senyun requested to convert the Senyun Notes into shares of Common Stock and FF converted a certain amount of the Senyun Notes. FF did not convert the Senyun Notes that would have resulted in Senyun owning more than 9.99% of the Common Stock. However, Senyun believes that the Senyun Notes should have been converted in full in accordance with its interpretation of conversion limitations in the Senyun Notes. FF disputes this interpretation. In July 2023 and October 2023, Senyun sent FF a letter outlining its position and reserving its rights under the Secured SPA. Further, pursuant to the Senyun Joinder, Senyun agreed to exercise its option to purchase \$15.0 million of Tranche A Notes (as defined in Note 7, *Notes Payable*, in the Notes to the Consolidated Financial Statements contained in this Form 10-K) in accordance with the terms of the Secured SPA, with funding of 75% of such amount within five business days of the date of the Senyun Joinder and the remaining 25% of such amount within three business days thereafter, subject to certain conditions which have been satisfied. As of December 31, 2023, Senyun had funded \$11.5 million of its obligation and had not funded the remaining \$3.5 million. It is not possible at this time to predict the outcome of the disagreement with Senyun.

Further, any litigation, proceedings or dispute related to legal claims of FF's investors, even those without merit, may divert FF's financial and management resources that would otherwise be used to benefit the future performance of FF's operations. Any adverse determination against FF in any potential proceedings may also result in settlements, injunctions or damages that could have a material adverse effect on FF's business, financial condition and results of operations and investors or other financing sources may be unwilling to provide additional funding to FF on commercially reasonable terms, or at all, as a result of any legal claims.

MHL and V W Investment are purchasers of the Unsecured SPA Notes (as defined in Notes 7, Notes Payable to the Notes to Consolidated Financial Statements) and are affiliates of FF Global and a longtime FF stockholder, respectively, and such purchasers have limited assets.

On May 8, 2023, FF entered into the Unsecured SPA with Metaverse Horizon Limited ("MHL") and V W Investment Holding Limited ("V W Investment") to issue and sell, subject to the satisfaction of certain closing conditions, \$100.0 million aggregate principal amount of FF's senior unsecured convertible promissory notes. MHL and V W Investment committed to fund in eight subsequent closings fifteen days apart, subject to the satisfaction of certain closing conditions. MHL who is the anchor investor in the Unsecured SPA Notes and has committed \$80.0 million of the funding, is an independent investment fund with investors including FF Global, and V W Investment is an affiliate of Mr. Lijun Jin, a long-term shareholder of FF. As such MHL is a related party of FF as MHL's investors include ax subsidiary FF Global. FF Global has control over FF's management, business and operations, and may use this control in ways that are not aligned with FF's business or financial objectives or strategies or that are otherwise inconsistent with FF's interests.

Further, in connection with the Unsecured SPA, FF entered into equity commitment letters with each of FF Global Partners Investment LLC (formerly known as FF Top Holdings LLC) and Mr. Jin to support the obligations of MHL and V W Investment under the Unsecured SPA subject to the limitations set forth therein. If MHL or V W Investment are unable to fund their commitments and FF Global and/or Mr. Jin breach their obligations under their equity commitment letters with FF, it may not be able to recover the damages caused by such breach(es) from FF Global due to the nature of their assets, including the fact that many of Mr. Jin's assets are not located in the United States and FF Global's only assets are shares of FF's Class B Common Stock, a note payable from FF, and a capital commitment from an investor with terms not disclosed to FF or third party beneficiary rights in favor of FF. If MHL and/or V W Investment do not fund their commitments and FF is unable to recover damages under the equity commitment letters, FF may need to seek additional investors or other financing sources.

There can be no assurance that FF would be able to attract additional investors or other financing source. If we are unable to attract additional investors or other financing sources in a timely manner or on acceptable terms, or at all, 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 has historically incurred substantial indebtedness and may incur substantial additional indebtedness in the future, and it may not be able to refinance borrowings on terms that are acceptable to FF, or at all.

Although FF settled the majority of its debt in either equity or cash upon consummation of the Business Combination and paid off certain other indebtedness with the proceeds of the Business Combination, FF may incur additional indebtedness from time to time to support its operations. If FF incurs additional debt, the risks it faces as a result of indebtedness and leverage could intensify. The incurrence of any additional debt could:

- limit FF's ability to satisfy obligations under certain debt instruments, to the extent there are any;
- cause FF to seek bankruptcy protection or enter into other insolvency proceedings in the event FF is not able to renew or refinance any existing indebtedness as it becomes due;
- increase FF's vulnerability to adverse general economic and industry conditions;
- require FF to dedicate a substantial portion of cash flow from operations to servicing and repaying indebtedness, thereby reducing the availability of cash flow to fund its working capital, capital expenditures, and other general corporate purposes;
- increase its exposure to interest rate and exchange rate fluctuations;
- limit its ability to borrow additional funds and impose additional financial and other restrictions on FF, including limitations on declaring dividends; and
- increase the cost of additional financing.

Commercial banks, financial institutions and individual lenders may have concerns in providing additional financing for FF's operations. The governments of the United States, China and Europe may also pass measures or take other actions that may tighten credit available in relevant markets. Any future monetary tightening measures as well as other monetary, fiscal and industrial policy changes and/or political actions by those governments could materially and adversely affect FF's cost and availability of financing, liquidity, access to capital, and ability to operate our business.

The production and delivery of the FF 91 Futurist has experienced, and may continue to experience, significant delays.

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 and 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. The first phase of the three-phase delivery plan began at the end of May 2023. In addition, due to a supplier's timing constraints and the completion of an additional system testing related to FF's enhanced safety testing of a single unique product feature of the FF 91 2.0 Futurist Alliance, the second phase of the three-phase delivery plan originally contemplated to begin by June 30, 2023, began in August 2023.

Production or delivery of the FF 91 Futurist has experienced further delays due to insufficient capital and may experience further delays due to reasons such as supply shortages and constraints, design defects, additional system testing, talent gaps, and/or force majeure. FF needs substantial additional financing to start the third phase of the delivery plan and is in discussions with additional potential investors to obtain such financing. Further, FF relies on third-party suppliers for the provision and development of many key components used in the FF 91 Futurist and other models and during the second quarter of 2023, certain of FF's suppliers informed FF that they would be unable to meet FF's timing requirements, which resulted in FF updating the timing for the start of deliveries for its FF 91 vehicle, and the previously announced three-phase delivery plan. To the extent FF's suppliers experience any further delays in providing or developing necessary components or if they experience quality issues, FF could experience further delays in delivering on its timelines. In addition, if FF has to adjust and/or reduce or suspend certain payments to suppliers, such adjustments and/or reductions could further delay the production and deliveries of the FF 91 Futurist.

To the extent FF were to further meaningfully delay additional production and delivery of the FF 91 series, potential consumers may lose confidence in FF, and customers who have placed pre-orders for the FF 91 Futurist may cancel pre-orders, which may curtail FF's growth prospects. Additionally, FF's competitors may move more quickly to market than FF, which could impact FF's ability to grow its market share.

Non-binding pre-orders and other non-binding indications of interest may not be converted into binding orders or sales.

While the Company has announced that its first users of the FF 91 2.0 Futurist Alliance have joined or are currently considering participating in the FF owner-developer co-creation project, as of December 31, 2023, FF had only sold four and leased six vehicles. These user developers also entered into consulting, branding, and other arrangements with FF in exchange for fees ranging from approximately \$150,000 to \$475,000.

Further, although FF has engaged in marketing activities in anticipation of starting customer deliveries of the FF 91 series and FF had received 303 non-binding, fully refundable pre-orders in the U.S. and China as of December 31, 2023 and other non-binding indications of interest, FF does not have binding purchase orders or commitments from customers to purchase any of FF's vehicles in development. As such, there can be no assurance that the pre-orders and other indications of interest would be converted into binding orders or sales.

Until the time that FF's products are commercially available for purchase and FF is able to scale up its marketing function to support sales, there will be substantial uncertainty as to customer demand for FF vehicles. The potentially long wait from the time a non-binding pre-order is made or other indication of interest is provided until the time FF vehicles are delivered, and any delays beyond expected wait times, could also impact customer decisions on whether to ultimately make a purchase. Even if FF is able to obtain binding orders, customers may limit their volume of purchases initially as they assess FF's vehicles and whether to make a broader transition to electric vehicles. Commercializing the FF 91 Futurist and other vehicles in FF's development pipeline will be a long process and depends on FF's ability to fund and scale up its productions, including through securing additional funding for its operations, the consummation of various third-party agreements and expanding FF's marketing functions, as well as the safety, reliability, efficiency and quality of FF's vehicles, and the support and service that will be available. It will also depend on factors outside of FF's control, such as competition, general market conditions and broader trends in vehicle electrification and fleet management, that could impact customer buying decisions. As a result, there is significant uncertainty regarding demand for FF's products and the pace and levels of growth that FF may be able to achieve.

If FF has insufficient reserves to cover future warranty claims, its business, prospects, financial condition, results of operations, and cash flows could be materially and adversely affected.

As our vehicles are produced and delivered, we will need to maintain warranty reserves to cover warranty-related claims. If our warranty reserves are inadequate to cover future warranty claims on our vehicles, our business, prospects, financial condition, results of operations, and cash flows could be materially and adversely affected. Additionally, estimating the necessary amount of warranty reserves is inherently uncertain, particularly in light of our limited operating history and limited field data available to us, and changes to such estimates based on real-world observations may cause material changes to our warranty reserves. In the future, we may become subject to significant and unexpected warranty expenses. There can be no assurances that then-existing warranty reserves will be sufficient to cover all claims. In addition, if future laws or regulations impose additional warranty obligations on us that go beyond our manufacturer's warranty, we may be exposed to materially higher warranty expenses than we expect, and our reserves may be insufficient to cover such expenses.

FF has taken remedial measures in response to the Special Committee findings. There can be no assurance that such remedial measures will be successful. In addition, such remedial measures have not been fully implemented in light of the corporate governance agreements with FF Top and FF Global and the recent assessment by the Board of FF's management structure, including management roles, responsibilities and reporting lines, and changes to the Board.

In November 2021, the Board established a special committee of independent directors (the "Special Committee") to investigate allegations of inaccurate Company disclosures. The Special Committee engaged independent legal counsel and a forensic accounting firm to assist in its review. The Special Committee made several findings, including that certain statements made by or on behalf of FF in connection with the PIPE Financing were inaccurate; that deficiencies exist in FF's internal control environment; and that certain of FF's policies and procedures required enhancement. Based on the results of the Special Committee investigation and subsequent investigative work based on the Special Committee's findings performed under the direction of the Executive Chairperson and reporting to the Audit Committee, the Board directed management to implement a

number of remedial measures. See Note 10, *Commitments and Contingencies*, in the Notes to the Consolidated Financial Statements for more information regarding the findings and remedial actions relating to the Special Committee investigation.

There can be no guarantee that the Special Committee investigation revealed all instances of inaccurate disclosure or other deficiencies, or that other existing or past inaccuracies or deficiencies will not be revealed in the future. Additional inaccuracies or deficiencies could subject FF to further litigation and regulatory investigations and could contribute to a failure of FF to meet its SEC reporting obligations in a timely manner, any of which could adversely impact investor confidence in FF, contribute to a decline in trading prices for FF's securities and interfere with FF's ability to access financing.

On September 23, 2022, FF entered into an agreement with FF Global and FF Top (the "Heads of Agreement") pursuant to which FF agreed to and implemented significant changes to the Board and Company governance. Certain of such changes have altered some of the remedial measures of the Special Committee and/or preclude FF from fully implementing other remedial measures. For instance, Ms. Swenson, who was appointed to the position of Executive Chairperson that the Board created based on the Special Committee investigation, tendered her resignation from her role as both Executive Chairperson and member of the Board on October 3, 2022, effective immediately, and Mr. Adam (Xin) He was appointed to serve as Interim (non-Executive) Chairman of the Board effective as of the same date. On July 31, 2023, Mr. He tendered his resignation from the Board, effective immediately. FF expects that the current Board will select a permanent Chairperson of the Board. Following the resignation of Ms. Swenson, all FF management (including Mr. Yueting Jia) reported directly or indirectly to the Global CEO of FF (previously Dr. Breitfeld and Mr. Xuefeng Chen). In addition, Mr. Jia was, effective as of October 4, 2022, also appointed as Founder Advisor, in which capacity he acts as an advisor to the Board with no change to his current compensation.

On January 13, 2023, FF entered into an amended shareholder agreement with FF Global (only with respect to the amendment of the Heads of Agreement) and FF Top (the "Amended Shareholder Agreement"), pursuant to which various terms of the Heads of Agreement were amended.

On February 26, 2023, after the Board's assessment 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. FF's remaining departments continued to report to Mr. Xuefeng Chen. Mr. Chen subsequently resigned from his position as Global CEO and was replaced by Matthias Aydt. Based on the changes to his responsibilities within FF, the Board determined that Mr. Jia is an "officer" of FF within the meaning of Section 16 of the Exchange Act (a "Section 16 officer") and an "executive officer" of FF under Rule 3b-7 under the Exchange Act.

Given the governance changes pursuant to the Heads of Agreement such as those described above and further changes to the composition of the Board, there can be no assurance that the remedial actions approved by the Board in connection with the Special Committee investigation will be fully implemented or successful. FF's Board and management intend to continue to evaluate the Special Committee remedial actions and take actions in the best interest of FF and its stakeholders.

FF is involved in an SEC investigation and may be further subject to investigations and legal proceedings related to the matters underlying the Special Committee investigation and other matters, which may result in adverse findings, damages, the imposition of fines or other penalties, increased costs and expenses and the diversion of management's time and resources.

On December 23, 2021, a putative class action lawsuit alleging violations of the Exchange Act was filed in the United States District Court, Central District of California, against FF, among others, and its former Global CEO, its former Chief Financial Officer ("CFO"), its current Chief Product and User Ecosystem Officer, as well as the CFO of Legacy FF and former CFO of FF, three independent directors of PSAC, and the Co-CEOs of PSAC. Also, in 2021, 2022 and 2023, putative stockholder derivative lawsuits were filed against numerous current and former officers and directors of FF alleging violations of the Exchange Act and various common law claims. In addition, 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, FF, its former Global CEO, its former CFO and its current Chief Product and User Ecosystem Officer alleging breaches of fiduciary duties (the "Yun Class Action"). Lastly, on September 21, 2022, a verified stockholder class action complaint was filed in the Court of Chancery of the State of Delaware against, among others, FF, the Co-CEOs and independent directors of PSAC, and certain third-party advisors to PSAC, alleging breaches of fiduciary duties, and aiding and abetting the alleged breaches, in connection with disclosures and stockholder voting leading up to the Business Combination (the "Cleveland Class Action"), which action subsequently was consolidated with the Yun Class Action with the complaint in the Cleveland Class Action being designated as the operative

pleading. In April, 2023, the defendants respectively filed motions to dismiss the complaint which are scheduled to be heard by the court on May 4, 2024. See Note 10, *Commitments and Contingencies – Legal Proceedings*, in the Notes to the Consolidated Financial Statements for further information regarding these lawsuits.

In connection with the Special Committee investigation, FF, certain members of the management team and FF employees 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 beginning in October 2021. FF, which had previously voluntarily contacted the SEC in connection with the Special Committee investigation, is cooperating fully with the SEC's investigation. The outcome of such an investigation is difficult to predict, and the SEC has expanded the scope of its investigation beyond that of the Special Committee. In addition, the SEC may subject our directors, officers and employees to fines, penalties and other punitive actions. In June 2022, FF received a preliminary request for information from the U.S. Department of Justice ("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. We have incurred, and may continue to incur, significant expenses related to legal, accounting and other professional services in connection with the SEC investigation. At this stage, we are 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.

On October 20, 2022, FF received a subpoena from the SEC requiring FF to produce certain documents relating to FF's transactions with Senyun. On March 31, 2023, FF received questions from the SEC regarding FF's disclosed delivery estimates regarding the start of production of the FF 91 Futurist. On March 23, 2023, FF received from the SEC a request to supplement production and on May 18, 2023, FF received an additional subpoena from the SEC. On July 14, 2023, FF received an additional request from the SEC to supplement production related to the May 18, 2023 subpoena and documents related to the consulting or sales agreements with the first three users of the FF 9.1 Futurist Alliance. On each of January 30, 2024, and April 8, 2024, FF received a subpoena from the SEC requiring FF to produce certain additional documents relating to the SEC's investigation. FF has fully complied with and intends to continue to fully comply with the subpoenas.

FF has incurred, and may continue to incur, significant legal, accounting and other professional services expenditures in connection with the Special Committee investigation, SEC investigation, SEC inquiries, the stockholders lawsuits and DOJ inquiry. Any legal proceedings resulting from these investigations and litigation, including further shareholder derivative litigation or governmental inquiries or investigations may further divert management's time and attention and may result in the incurrence of significant expense, including legal fees. Such legal proceedings could also have a material adverse effect on our business, financial condition, results of operations and cash flows including as a result of such expenses or arising from any consequences of such legal proceedings including damages, monetary fines, sanctions, penalties, adverse publicity and damage to reputation.

FF will depend on revenue generated from a single series of vehicles for the foreseeable future.

FF's success will initially depend substantially on the future sales and success of the FF 91 series. FF expects the FF 91 series to be its only manufactured vehicle in the market in the near future; it remains uncertain when FF will raise sufficient funding to complete design, development, tooling, production, and deliveries of its second model, the FF 81 series. Historically, automobile customers have come to expect a variety of vehicle models offered in a manufacturer's fleet and new and improved vehicle models to be introduced frequently. It remains uncertain if FF's business will generate sufficient funds or FF will be able to obtain sufficient funds through other means to introduce new vehicle models on a regular basis. Given that FF's business will depend on a single or limited number of models in the foreseeable future, to the extent a particular model is not well-received by the market, FF's business prospects, financial condition and operating results could be materially and adversely affected.

The market for FF's vehicles, including its SLMD vehicles, is nascent and not established.

FF's B2C passenger electric vehicles are planned to be with leading design and provide superior driving experience and personalized user experience in their respective customer segments. FF believes its electric vehicles represent the "smart mobility" of the next generation. FF's growth is highly dependent upon the consumers' reception and adoption of FF's vision as to what the future of transportation and mobility should embody. Although there are many automakers introducing multiple options of mass-market electric vehicles, the market for electric vehicles with ultra-new technology and cutting-edge styling is still nascent and untested. In addition to vehicles targeting end-customers, FF plans to build the SLMD vehicles targeting B2B business-to-business last-mile delivery logistics companies. FF believes its modular approach to vehicle design provides adaptive and sustainable solutions in the commercial vehicle segment, thus meeting the needs of commercial vehicle owners. However, there is uncertainty as to the future demands for FF's vehicles in both B2B and B2C market segments, and there is no

assurance that the retail and commercial vehicle market FF envisions for its vehicles will be established. To a large extent, it depends on general economic, political, and social conditions, all of which are beyond FF's control.

FF depends on its suppliers, the majority of which are single-source suppliers. The inability of these suppliers to deliver necessary components for FF's products according to the schedule and at prices, quality levels and volumes acceptable to FF, or FF's inability to efficiently manage these suppliers, could have a material adverse effect on its business prospects, financial condition and operating results.

The FF 91 model incorporates approximately 1,800 purchased components sourced from approximately 150 suppliers, many of whom are currently FF's single-source suppliers for the components they supply, and FF expects this to be similar for any other vehicles FF may produce. The supply chain exposes FF to multiple potential sources of delivery failure or component shortages. For example, on June 16, 2023, FF announced that due to a supplier's timing constraints and the completion of an additional system testing related to FF's enhanced safety testing of a single unique product feature of the FF 91 2.0 Futurist Alliance, the timing of its previously announced FF 91 2.0 Futurist Alliance Phase 2 delivery would be delayed to August 2023 from the end of the second quarter 2023. Additionally, in view of FF's current cash position, it has delayed payment to suppliers, which in some cases has resulted in, and may continue to result in, certain of such suppliers ceasing to do business with FF. FF is in active negotiations with suppliers to minimize these risks and has been successful in retaining the majority of key suppliers. To the extent FF's suppliers experience any delays or stoppages in providing FF with or developing necessary components or experience quality issues, or if they otherwise decide to cease doing business with FF, FF could experience further delays, some of which may be significant, in delivering on its planned timelines.

Currently, FF has not approved secondary sources for the key single sourced components used in the FF 91 series. Generally, FF does not maintain long-term agreements with these single-source suppliers.

Historically, certain suppliers ceased supplying their components and initiated legal claims against FF when FF failed to make overdue payments. While most of these prior legal claims have been settled through the vendor trust FF established in April 2019 ("Vendor Trust"), there are still a number of remaining and new disputes with suppliers in the U.S. and in China. Some suppliers have requested accelerated payments and other terms and conditions as a result of our past payment history and concerns about FF's financial condition, leading to less favorable payment terms than FF had anticipated, and delaying or putting at risk certain deliveries. More recently, some suppliers have initiated legal claims against FF as FF fails to make overdue payments and more suppliers may continue to do so in the future. Any disruption in the supply of components, whether or not from a single-source supplier, could temporarily disrupt FF's production until a satisfactory alternative supplier is found, which can be time consuming and costly. There can be no assurance that FF would be able to successfully retain alternative suppliers or supplies in a timely manner or on acceptable terms, if at all. If FF is unable to efficiently manage its suppliers, including its relationship with them, FF's business, prospects, financial condition and operating results may be materially and adversely affected. Additionally, changes in business and/or political conditions, force majeure events, changes in regulatory framework and other factors beyond FF's control could also affect the suppliers' ability to deliver components in a timely manner. Any of the foregoing could materially and adversely affect FF's business, prospects, financial condition and operating results and could result in a material change in FF's operations and a material reduction in the market value of FF's securities.

If any of FF's suppliers become economically distressed or go bankrupt, FF may be required to provide substantial financial support or take other measures to ensure supplies of components or materials, which could increase FF's costs, affect its liquidity or cause production disruptions.

FF expects to purchase various types of equipment, raw materials and manufactured component parts from its suppliers. If any of these suppliers experience substantial financial difficulties, cease operations, or otherwise face business disruptions, FF may be required to provide substantial financial support to ensure supply continuity, or FF would have to take other measures to ensure components and materials remain available. Any disruption could affect FF's ability to deliver vehicles and could increase FF's costs and negatively affect its liquidity and financial performance.

FF faces a number of challenges in the sale and marketing of its vehicles.

FF plans to enhance its brand recognition, improve its brand reputation and grow its client base by substantial investments in marketing and business development activities. However, FF cannot guarantee that its marketing spending or the marketing strategies it plans to adopt will have their anticipated effect or generate returns. FF faces a number of challenges in the sale and marketing of its vehicles, including, without limitation:

- Demand in the automobile industry is highly volatile;

- Final delivered range, performance and quality of FF’s vehicles may vary from estimates;
- It is expensive to establish a strong brand. FF may not succeed in continuing to establish, maintain and strengthen the FF brand in a cost-efficient manner, or at all;
- Many consumers are not aware of the benefits of FF’s products, which may depend on factors beyond FF’s control such as transition of consumer behaviors;
- FF competes with other automotive manufacturers for consumer spending;
- Many other automotive manufacturers have already manufactured and sold electric vehicles providing them with a marketing advantage;
- FF’s failure to keep up with rapid technological changes could make its vehicles less attractive than those of competitors or make potential customers unwilling to pay a premium for FF’s vehicles;
- FF may not be able to attract a sufficient number of retail partners to support its expected sales volumes; and
- FF’s efforts to develop and market its SLMD vehicles might not be successful given the fact that its target customers are commercial logistic companies which have different requirements compared to retail consumers.

If FF is unable to efficiently enhance its brand and market its products, its business prospects, financial condition and operating results may be adversely and materially affected.

FF needs to develop complex software and technology systems in coordination with vendors and suppliers to reach production for its electric vehicles, and there can be no assurance such systems will be successfully developed.

FF’s vehicles will use a substantial amount of third-party and in-house software code and complex hardware to operate. The development of such advanced technologies is inherently complex, and FF will need to coordinate with vendors and suppliers to achieve development for its electric vehicles. Defects and errors may be revealed over time, and FF’s control over the performance of third-party services and systems may be limited. FF is relying on third-party suppliers to develop and manage emerging technologies for use in its vehicles, including lithium-ion battery technology. As technology in electric vehicles is constantly evolving, FF may also need to rely on suppliers to develop technologies that are not yet commercially viable. There can be no assurance that FF’s suppliers will be able to meet the technological requirements, production timing, and volume requirements needed to support FF’s business plan. Nor can FF assure that such emerging technologies and systems will be successfully developed on commercially reasonable terms, or at all. FF’s potential inability to develop the necessary software and technology systems may harm its competitive position and its business, prospects, financial condition and operating results.

FF’s decision to manufacture its own vehicles in its leased FF ieFactory California does not guarantee FF will not incur significant delays in the production of the vehicles.

FF plans to continue to build-out its leased FF ieFactory California to support the production of the FF 91 series. Additionally, this construction may experience unexpected delays or other difficulties which could further increase costs and/or adversely affect FF’s scheduled timeline to manufacture and deliver vehicles. Further, manufacturing and assembling components in-house in the FF ieFactory does not guarantee that the production of its vehicles will be on schedule. Various risks and uncertainties inherent in all new manufacturing processes could result in delays in the production of FF’s vehicles, including for example those with respect to:

- pace of bringing production equipment and processes online with the capability to manufacture high-quality units at scale;
- compliance with complex and evolving environmental, workplace safety and similar regulations;
- channels to secure necessary equipment, tools and components from suppliers on acceptable terms and in a timely manner;
- the ability to attract, recruit, hire and train skilled employees;
- quality controls;
- a health emergency, difficult economic conditions and international political tensions; and

- other delays and cost overruns.

Production and manufacturing of some of FF's vehicles are expected to be outsourced to a third-party contract manufacturer in South Korea and potentially through a joint venture in China. If such contract manufacturer or joint venture fails to produce and deliver vehicles in a timely manner for any reason, FF's business, prospects, financial condition and results of operation could be materially harmed.

FF plans to outsource the manufacturing of some of its vehicles to a third-party contract manufacturer in South Korea and may also set up a joint venture in China for vehicle manufacturing, which FF may heavily rely upon. Collaboration with third parties for the manufacturing of vehicles is subject to risks that may be outside FF's control. FF has yet to enter into any legally binding definitive agreements regarding such third-party contract manufacturers (other than with a third-party contract manufacturer in South Korea) or joint venture, and the parties could revise or terminate the preliminary memorandum of understanding and cooperation agreement. The parties may also not reach agreement on legally binding definitive documents regarding such joint venture, could abandon the related preliminary memorandum of understanding and cooperation agreement and pursue other commercial arrangements (such as contract manufacturing or sale) or could terminate the preliminary memorandum of understanding and cooperation agreement at any time before the definitive agreements are signed. Even though the definitive agreement has been signed with the third-party contract manufacturer in South Korea, there remains uncertainty if the manufacturing facility will be built-out as planned or if the parties will cooperate with each other as agreed.

In addition, FF could experience delays if such third-party contract manufacturing partner or joint venture does not meet agreed upon timelines or experiences capacity constraints. There is risk of potential disputes with business partners, and FF could be affected by adverse publicity related to its business partners, whether or not such publicity is related to their collaboration with FF. FF's ability to successfully build a premium brand could also be adversely affected by perceptions if the quality of the third-party contract manufacturing partners or joint venture's products not related to FF's products are questioned. Furthermore, there can be no assurance that FF will successfully ensure its manufacturing partners or joint ventures maintain appropriate quality standards, with any failure to do so adversely affecting customers' perceptions of FF's self-manufactured electric vehicles.

If FF experiences delays, disputes or other difficulties with third-party manufacturers or joint ventures that FF outsources orders to, there can be no assurance that it would be able to engage other third parties or to establish or expand its own production capacity to meet the needs of its customers in a timely manner or on acceptable terms, or at all. The expense and time required to complete any transition, and to assure that vehicles manufactured at facilities of new manufacturers comply with FF's quality standards and regulatory requirements may be greater than anticipated. Any of the foregoing could adversely affect FF's business, results of operations, financial condition and prospects.

FF has minimal experience servicing and repairing its vehicles. The inability to adequately service vehicles may adversely affect FF's business.

FF has minimal experience servicing and repairing its vehicles. Servicing EVs is different than servicing vehicles with internal combustion engines and requires specialized skills, including high voltage training and servicing techniques. Although FF is planning to internalize most aspects of vehicle service over time, initially FF plans to partner with third parties to enable nationwide coverage for roadside and off-road assistance and collision repair needs. There can be no assurance that FF will be able to enter into an acceptable arrangement with any such third-party providers. Although such servicing partners may have experience in servicing other vehicles, they will initially have limited experience in servicing FF vehicles. There can be no assurance that such service arrangements will adequately address the service requirements of FF's customers to their satisfaction, or that FF and its servicing partners will have sufficient resources, experience, or inventory to meet these service requirements in a timely manner as the volume of EVs we deliver increases.

In addition, a number of states currently impose limitations on the ability of manufacturers to directly service vehicles. The application of these state laws to our operations could hinder or impede our ability to provide services for our vehicles from a location in every state. As a result, if FF is unable to roll out and establish a widespread service network that complies with applicable laws, customer satisfaction could be adversely affected, which in turn could materially and adversely affect FF's reputation and thus its business.

In the future, additional pressure may be placed on FF's customer support team or partners, and FF may be unable to respond quickly enough to accommodate short-term increases in customer demand for technical support. Customer behavior and usage may result in higher than expected maintenance and repair costs, which may negatively affect FF's business. FF also

could be unable to modify the future scope and delivery of its technical support to compete with changes in the technical support provided by its competitors. Increased customer demand for support, without corresponding revenue, could increase costs and negatively affect FF's results of operations. If FF is unable to successfully address the service requirements of its customers or establish a market perception that FF maintains high-quality support, FF may be subject to claims from customers, including loss of revenue or damages, and FF's business could be materially and adversely affected.

Changes in U.S. and international trade policies, including the export and import controls and laws, particularly with regard to China, may adversely impact FF's business and operating results.

FF operates with a United States and China dual-home market strategy, partnering with leading international suppliers from North America, Europe and Asia. While FF believes this is the best strategic business model, it also is more subject to risks associated with international trade conflicts including between the United States and China, particularly with respect to export and import controls and laws. Former President Donald J. Trump advocated for greater restrictions on international trade in general, which significantly increased tariffs on certain goods imported into the United States - particularly from China. Former President Trump also took steps toward restricting trade in certain goods. In response, China and other countries imposed similar retaliatory tariffs and other measures and such international trade conflicts have continued under the Biden administration.

On December 23, 2021, the Uyghur Forced Labor Prevention Act, which effectively prohibits imports of any goods made either wholly or in part in Xinjiang, was signed into law. The law went into effect on June 21, 2022. The law prohibits "the importation of goods made with forced labor" unless U.S. Customs and Border Protection determines, based on "clear and convincing evidence", that the goods in question were not produced "wholly or in part by forced labor", and submits a report to the U.S. Congress setting out its findings. While we do not currently expect that this law will directly affect our supplies, since we do not believe that our suppliers source materials from Xinjiang for the products they sell to us, other renewable energy companies' attempts to shift suppliers in response to this law, withhold release orders, or other policy developments could result in shortages, delays, and/or price increases that could disrupt our own supply chain or cause our suppliers to renegotiate existing arrangements with us or fail to perform on such obligations. Broader policy uncertainty could also reduce Chinese panel production, affecting supplies and/or prices for panels, regardless of supplier. While we have developed multiple supply sources in a variety of countries, we could still be adversely affected by increases in our costs, negative publicity related to the industry, or other adverse consequences to our business.

Rising political tensions could reduce trade volume, investment, technological exchange and other economic activities between major international economies, resulting in a material adverse effect on global economic conditions and the stability of global financial markets. Additionally, increasing tariffs could impact raw material prices, the cost of component parts and transportation. Any of the foregoing could have an adverse effect on FF's business, prospects, financial condition and results of operations. The Biden administration may also enact policy changes that could have an impact on FF's business, such as the recent Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern.

Continued or increased price competition in the automotive industry generally, and in electric and other alternative fuel vehicles, may harm FF's business.

Increased competition could result in lower vehicle unit sales, increased inventory, price reductions, revenue shortfalls, loss of customers and loss of market share, which could harm FF's business, prospects, financial condition and operating results. For example, the automotive industry has witnessed increasing price competition over the years. With more competitors entering the field, many manufacturers are facing downward price pressure and have been adjusting their pricing strategies. FF may not have the same financial resources as some of the competitors to allow it to adjust pricing strategies, which may result in a loss of customers and future market share. On the other hand, if FF follows the downward price adjustment trend, its ability to generate revenues and achieve profitability may be adversely affected. Any of the foregoing may harm FF's business, prospects, results of operations and financial condition.

FF faces competition from multiple sources, including new and established domestic and international competitors, and expects to face competition from others in the future, including competition from companies with new technology. This fierce competition may adversely affect FF's revenues, increase its costs to acquire new customers, and hinder its ability to acquire new customers.

The automotive market in the United States, China, and the E.U), which are FF's target markets, is and will remain highly competitive. A significant and growing number of established and new automobile manufacturers, as well as other

companies, have entered or are reported to have plans to enter the alternative fuel vehicle market, including hybrid, plug-in hybrid and fully electric vehicles, as well as the market for autonomous driving technology and applications. In some cases, such competitors have announced an intention to produce electric vehicles exclusively at some point in the future. FF directly competes with other pure-play electric vehicle companies targeting the high-end market segment, and to a lesser extent with NEVs and ICE” vehicles in the mid- to high-end market segment offered by traditional OEMs. In light of the increased demand and regulatory push for and technology changes in connection with the alternative fuel vehicles, FF expects competition in the industry to intensify with more new players in the future, including companies with new technology.

Many of FF’s current and potential competitors, have significantly greater financial, technical, manufacturing, marketing, distribution and other resources than FF, and are able to devote greater resources to the design, development, manufacturing, distribution, promotion, sale and support of their products than FF. In order to acquire customers and better compete, FF may have to incur significant expenses for marketing and business development activities and discounts. Any inability to successfully compete with new or existing competitors may prevent FF from attracting new customers and result in loss of market share. By the time FF starts delivering FF 91 on a larger scale, a substantial portion of the market share may have already been taken by FF’s competitors. There can be no assurance that FF will be able to compete successfully in global and local markets, failure of which may materially and adversely affect FF’s business, prospects, financial condition and results of operations.

FF’s go-to-market and sales strategy, including its own and partner stores and showrooms as well as FF’s online web platform, will require substantial investment and commitment of resources and is subject to numerous risks and uncertainties.

FF intends to establish online and offline marketing, sales, and after-sales channels, which consist of its own stores, partner stores and showrooms and an online web platform. FF plans to distribute its vehicles in certain key markets through its direct stores, while establishing a distribution model of direct sales and partner-owned stores and showrooms in other markets. Users will be able to place orders and purchase FF’s vehicles exclusively through an online platform while assigning the transaction to a specific store or showroom. Establishing FF’s direct stores rather than exclusively distributing its vehicles through partner stores will require significant capital expenditures and may result in reduced or slower expansion of FF’s distribution and sales systems in the key markets compared to a traditional dealership system.

FF expects the partner stores and showrooms will be compensated from the sales and services that are conducted online and from the capital upside of the FF equity that the retail partners may receive as an incentive for making their initial investment in stores or showrooms. However, FF cannot assure that its partner business model will be as attractive as that of traditional OEMs and thus that FF will be able to scale up its network to an adequate size. In addition, FF is not in a position to guarantee that it will be able to generate sufficient traffic to FF’s online web platform or to attract enough users to place orders. Moreover, FF will be competing with automakers with well-established distribution channels, which places significant risk to the successful implementation of FF’s business plan.

If FF is unable to roll out and establish a broad network covering both online and offline channels that fully meet customers’ expectations, consumer experience could be adversely affected, which could in turn materially and adversely affect FF’s business, financial condition, results of operations and prospects. Implementing the FF business model is subject to numerous significant challenges, including obtaining permits and approvals from government authorities, and FF may not be successful in addressing these challenges. In addition, dealer trade associations may mount challenges to FF’s distribution strategy by challenging the legality of FF’s operations in court and employing administrative and legislative processes to attempt to prohibit or limit FF’s ability to operate. All these would have a material and adverse effect on FF’s business, prospects, results of operations and financial condition.

Difficult economic conditions, financial or economic crises, or the perceived threat of such a crisis, including a significant decrease in consumer confidence, may affect consumer purchases of premium items, such as FF's electric vehicles.

Sales of premium consumer products, such as the FF 91 Futurist and other electric vehicles, depend in part on discretionary consumer spending and therefore may decline based on adverse changes in general economic conditions. The global economy and financial markets experience significant disruptions from time to time, constantly facing new challenges, including ongoing trade disputes and tariffs, as well as the related economic policies taken by various governments around the world. It is unclear whether these challenges will be successfully addressed and what effects they may have. Any prolonged slowdown in economic development might lead to tighter credit markets, increased market volatility, sudden drops in business and consumer confidence and dramatic changes in business and consumer behaviors.

Difficult macroeconomic conditions, such as decreases in per capita income and disposable income, increased and prolonged unemployment, a decline in consumer confidence, and/or reduced spending by businesses could have a material adverse effect on future investor interest or customer demand for FF's vehicles. In response to the perceived uncertainty in economic conditions, consumers might delay, reduce or cancel purchases of such electric vehicles. Potential customers may seek to reduce spending by foregoing luxurious new energy vehicles. Decreased demand for FF vehicles, particularly in the United States and China, could negatively affect the business, prospects, financial condition and results of operations of FF.

FF faces risks related to natural disasters, climate change, health epidemics and pandemics, terrorist attacks, civil unrest and other circumstances outside its control, which could significantly disrupt FF's operations.

The occurrence of unforeseen or catastrophic events, including the emergence of an epidemic, pandemic (such as the COVID-19 pandemic) or other widespread health emergency, civil unrest, war (such as the conflict in Ukraine), terrorist attacks, climate change or natural disasters could create economic and financial disruptions. These types of events could lead to operational difficulties, impair FF's ability to manage its business and expose FF's business activities to significant losses. FF's management and operational teams are based in the United States and China. FF has a manufacturing facility in Hanford, California, and has executed an agreement with a contract manufacturer in South Korea. FF is also exploring other potential contract manufacturing options in addition to the contract manufacturer in South Korea. Additionally, FF may establish manufacturing through a joint venture in China and/or other regions for certain future vehicle models. An unforeseen or catastrophic event in any of these regions could adversely impact FF's operations.

If FF is unable to attract and/or retain key employees and hire qualified Board members, officers and other individuals, its ability to compete could be harmed.

FF's future success depends, in part, upon its ability to retain key members of its senior management team and the Board, and to attract and retain other highly qualified individuals for the Board and senior management positions. FF has experienced significant changes in the membership of the Board and senior management team, including most recently the resignations of Ke Sun from her position as a member of the Board and member of both the Compensation Committee and Nominating and Corporate Governance Committee and of Adam He from his position as interim Chairman of the Board, member and Chair of the Audit Committee and from all other committees of the Board on which he served, as well as the resignation of FF's China CEO, its Chief Accounting Officer and its Head of Human Resources, the transition in the Interim Chief Financial Officer position and, prior to that, the Global CEO position, and the appointment of a new Interim Chief Financial Officer and a new member of the Board and Audit Committee Chair. This significant recent turnover has disrupted, and potential future turnover could further disrupt, FF's operations, strategic focus or ability to drive stockholder value.

If FF fails to attract new skilled personnel for senior management positions and the Board, or if one or more of them are unable or unwilling to continue their services with FF, FF may not be able to replace them easily, in a timely manner, or at all. Movements in the price of Class A Common Stock, including any decline, may significantly affect the value of employee stock options, which may at any time be insufficient to counteract more lucrative offers from other companies.

In addition, FF may incur additional expenses to recruit, train and retain qualified personnel. Certain current and former executives of FF adopted a global partnership program to retain, and provide incentives for, certain key management members. However, there is no guarantee that FF will be able to attract other qualified candidates to fill certain positions. The failure to do so may lead to difficulties in effectively executing FF's business strategies, and its business, prospects, financial condition and results of operations could be materially and adversely affected. Furthermore, if any of FF's executive officers or key employees join a competitor or form a competing company, FF may lose know-how and be poorly positioned in the marketplace.

Unionization activities or labor disputes may disrupt FF's business and operations and affect its profitability.

Although none of our employees are currently represented by organized labor unions, it is not uncommon for employees at companies in the automobile industry to belong to a union, which can result in higher employee costs and increased risk of work stoppages. Although FF works diligently to provide the best possible work environment for its employees, they could still decide to join or seek representation by organized labor unions, or FF may be required to become a union signatory. FF's business and operations as well as its profitability could be adversely affected if unionized activities such as work stoppages occur, or if FF becomes involved in labor disputes or other actions filed by labor unions. Any unfavorable outcome in such disputes could create a negative perception of how FF treats its employees.

If FF's employees were to engage in strikes or other work stoppages, or if third-party strikes or work stoppages cause supply chain interruptions, FF's business, prospects, operations, financial condition and liquidity could be materially adversely affected.

A strike or work stoppage by FF's employees or by employees of FF's outsourcing partners or suppliers could have a material adverse effect on its business, prospects, operations, financial condition and liquidity. Work stoppages at FF's suppliers may cause supply chain interruptions, which could materially and adversely impact FF's operations given its limited, and in most cases, single-source supply chain. If a work stoppage occurs, it could delay the manufacture and sale of FF's products, disrupt its business and operations, or have an adverse effect on FF's cash flow, all of which could materially and adversely affect FF's business, prospects, operating results, financial condition and liquidity.

The discovery of defects in vehicles may result in delays in production and delivery of new models, recall campaigns or increased warranty costs, which may adversely affect FF's brand and result in a decrease in the residual value of FF's vehicles.

FF's vehicles may contain design and manufacturing defects. The design and manufacturing of FF's vehicles are complex and could contain latent defects and errors, which may cause its vehicles not to perform or operate as expected or even result in property damage, personal injuries or death. Furthermore, FF's vehicles use a substantial amount of third-party and in-house software codes and complex hardware to operate. Advanced technologies are inherently complex, and defects and errors may be revealed over time. While FF has performed extensive internal testing on its vehicles and the related software and hardware systems, and will continue this testing and evaluation, FF has a limited frame of reference by which to assess the long-term performance of its vehicles and systems. There can be no assurance that FF will detect or fix the defects in a timely manner.

The discovery of defects in FF's vehicles may result in delays in production and delivery of new models, recall campaigns, product liability claims or increased warranty costs and other expenses, and may decrease the residual values of vehicles that are subject to leasing arrangements. FF might from time to time, voluntarily or involuntarily, initiate vehicle recalls if any of FF's vehicles, including any systems or parts sourced from suppliers and contractors, prove to be defective or noncompliant with applicable laws and regulations. For example, on March 1, 2024, FF issued a voluntary recall of certain 2023 FF 91 2.0 vehicles when it was discovered that these vehicles had a software issue that could prevent the airbag malfunction light from illuminating in case of an airbag control unit communications fault. Such recalls, whether voluntary or involuntary or caused by systems or components engineered or manufactured by FF or by suppliers and contractors, could require that FF incur significant costs relating to logistics and/or repair. All of the foregoing could materially harm FF's brand image, business, prospects, financial condition and results of operations.

FF may become subject to product liability claims, which could harm its financial condition and liquidity if it is not able to successfully defend or insure against such claims.

FF may become subject to product liability claims, even those without merit, which could harm its business, prospects, operating results, and financial condition. The automobile industry experiences significant product liability claims and FF faces inherent risk of exposure to claims in the event its vehicles do not perform as expected or malfunction resulting in personal injury or death. The risks in this area are particularly pronounced given FF has limited field experience for its vehicles and currently does not have product liability insurance. A successful product liability claim against FF could require it to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity about FF's vehicles and business and inhibit or prevent commercialization of other future vehicle candidates, which would have a material adverse effect on FF's brand, business, prospects and operating results. Any insurance coverage FF is able to obtain in the future might not be sufficient to cover all potential product liability claims. FF may not be able to secure additional product liability insurance coverage on commercially acceptable terms or at reasonable costs when needed, which could have a material and adverse effect on FF's operating results and financial condition.

If FF is sued for infringing or misappropriating intellectual property rights of third parties, litigation could be costly and time consuming and could prevent FF from developing or commercializing its future products.

FF is subject to litigation risks from third parties alleging infringement of their intellectual property, which could be time consuming and costly, regardless of whether the claims have merit. Individuals, organizations and companies, including FF's competitors, may hold or obtain patents, trademarks and/or other proprietary rights that would prevent, limit or interfere with its ability to make, use, develop, sell and/or market FF's vehicles or components, and may bring claims alleging FF's infringement of such rights. If FF is determined to have or believes there is a high likelihood that FF has infringed upon a third party's intellectual property rights, not only may FF be required to pay substantial damages or settlement costs, but FF may also be required to cease sales of its vehicles, incorporate certain components into its vehicles, or offer vehicles or other goods or services that incorporate or use the challenged intellectual property, seek a license from the holder of the infringed intellectual property rights (which license may not be available on reasonable terms or at all), redesign the vehicles or other goods or services, establish and maintain alternative branding for FF's products and services, and/or alter FF's business strategy, all of which could prevent FF from developing or commercializing its vehicles and adversely and materially hamper its business, prospects, financial condition and results of operations. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity, and diversion of resources and management attention.

FF may be subject to damages resulting from claims that FF or its employees have wrongfully used or disclosed alleged trade secrets or other intellectual property rights of former employers of FF's employees.

Many of FF's employees were previously employed by other automotive companies or by suppliers to automotive companies. FF may be subject to claims that it or these employees have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If FF fails in defending such claims, in addition to paying monetary damages, it may lose valuable intellectual property rights or personnel. A loss of key personnel or their work product could hamper or prevent FF's ability to commercialize its products, which could severely harm FF's business, prospects, results of operations and financial condition. Even if FF is successful in defending against these claims, litigation could result in substantial costs, negative publicity and demand on management resources, which would materially adversely affect its business, prospects, brand, financial condition and results of operations.

FF has elected to protect some of its technologies as trade secrets rather than as patents, however, this approach has certain risks and disadvantages.

FF has elected to protect many of its technological developments as trade secrets rather than filing patent applications on them. If another person has filed or files in the future a patent application on the same subject invention FF may be precluded from subsequently filing for its own patent on such invention. In addition, if the other person's patent application is granted, FF's continued use of its technological development could then constitute infringement of the other person's patent. In that case FF could be forced to stop using the affected technology or to pay royalties to continue using it. These risks are heightened for FF given the large number of patent filings in the industry.

Another risk of reliance upon trade secret protection is that there is no guarantee that the efforts FF has made to keep its trade secrets secret will be successful. Trade secrets may be taken or used without FF's authorization or knowledge, including via information security breaches. It is difficult to detect that trade secrets are being misappropriated, and it is very difficult and expensive to prove disclosure or unauthorized use in court and to obtain an adequate remedy.

FF is dependent upon its proprietary intellectual properties.

FF considers its copyrights, trademarks, trade names, internet domain names, patents and other intellectual property assets invaluable to its ability to develop and protect new technology, grow its business and enhance FF's brand recognition. FF has invested significant resources to develop its intellectual property assets. Failure to successfully maintain or protect these assets could harm FF's business. The steps FF has taken to protect its intellectual property rights may not be adequate or prevent theft and use of its trade secrets by others or prevent competitors from copying its newly developed technology. If FF is unable to protect its proprietary rights or if third parties independently develop or gain access to similar technology, FF's business, revenue, reputation and competitive position could be harmed. For example, the measures FF takes to protect its intellectual property from unauthorized use by others may not be effective for various reasons, including the following:

- any patent applications FF submits may not result in the issuance of patents;

- the scope of FF's issued patents may not be broad enough to protect its proprietary rights;
- FF's issued patents may be challenged and/or invalidated by its competitors or others;
- the costs associated with enforcing patents, confidentiality and invention agreements and/or other intellectual property rights may make aggressive enforcement impracticable;
- current and future competitors may circumvent FF's patents;
- FF's in-licensed patents may be invalidated, or the owners of these patents may breach their license arrangements; and
- even if FF obtains a favorable outcome in litigation asserting its rights, FF may not be able to obtain an adequate remedy, especially in the context of unauthorized persons copying or reverse engineering FF's products or technology.

FF may need to resort to litigation to enforce its intellectual property rights if its intellectual property rights are infringed or misappropriated, which could be costly and time consuming. Additionally, protection of FF's intellectual property rights in different jurisdictions may vary in their effectiveness. FF has little patent coverage anywhere in the world except the United States and China. Implementation and enforcement of Chinese intellectual property-related laws historically has been considered to be deficient and ineffective. Moreover, with FF's ownership of patents limited mostly to those issued in China and the United States, FF may find it impossible to prevent competitors from copying its patented advancements in vehicles manufactured and sold elsewhere.

Despite FF's efforts to protect its proprietary rights, third parties may still attempt to copy or otherwise obtain and use its intellectual property or seek court declarations that such third parties' intellectual property does not infringe upon FF's intellectual property rights, or they may be able to independently develop technologies that are the same as or similar to FF's technologies.

FF may not be able to obtain patent protection on certain of its technological developments, and may face better-funded competitors with formidable patent portfolios.

FF may not be able to obtain patent protection for certain of its technological developments because some of its existing applications were abandoned and applicable filing deadlines for seeking to protect such technologies may have passed in the United States and around the world. Also, FF has elected to protect some of its technologies as trade secrets rather than as patents. However, this approach risks the wrongful disclosure and use of FF's trade secrets by departing employees and others. FF has delayed filing for patent protection on certain of its technological developments in recent years due to financial constraints. Because patents are granted on a first-to-file basis, a delay in patent filings, such as this, can result in other companies filing for and obtaining the same inventions either independently derived or otherwise. In addition, inventions not subject to an earlier filing date as disclosed in an active application can result in FF's inventions or patents being "blocked" by prior art in the meantime. The consequences of the filing delays could place FF at a disadvantage relative to competitors that have been continuously more active in filing patent applications and could leave FF unable to protect its technologies that differentiate FF's vehicles from the vehicles of its competitors. FF also faces better-funded competitors with formidable patent portfolios and there can be no guarantee that one or more competitors has not and/or will not obtain patent protection on features necessary to implement in FF's vehicles.

FF is subject to stringent and changing laws, regulations, standards and contractual obligations related to data privacy and security, and FF's actual or perceived failure to comply with such obligations could harm its reputation, subject it to significant fines and liability, or otherwise adversely affect FF's business, prospects, financial condition and results of operations.

FF plans to permit certain of its business partners to collect, process, store, and in some cases transfer across borders, personally identifiable information concerning the drivers and passengers of FF's vehicles. Such information may include among other things faces, names, geolocation information, payment data, and preferences. Although FF has adopted security policies and measures, including technology, to protect its customer information and other proprietary data, it may be required to expend significant resources to further comply with information security laws, data breach notification requirements, as well as privacy and data protection law if third parties improperly obtain or use personal information of FF's customers or FF otherwise experiences a data loss with respect to its customers' personal information. Moreover, privacy and data protection laws are constantly evolving, and new requirements may limit or disrupt FF's data practices, restrict our ability to market our products, impact operations and increase legal and reputational risks.

FF plans to operate on a global basis, and thus FF will face a significant burden to comply with data privacy and information security laws and regulations in the United States at the federal and state level, China, Brazil, Europe, the UK and the rest of the world. Although FF endeavors to comply with all such laws and regulations, as well as FF's own policies and obligations under contracts with third parties, FF may at times fail to do so or be alleged to have failed to do so. Any failure or perceived failure by FF to comply with such privacy, data protection or information security laws, regulations, policies, and obligations in one or more jurisdictions could expose FF to litigation, awards, fines or judgments, civil and/or criminal penalties or negative publicity, and could adversely affect FF's business, financial condition, results of operations and prospects.

The global regulatory framework governing the collection, processing, storage, use and sharing of personal information, is rapidly evolving and is likely to continue to be subject to uncertainty and varying interpretations. In the United States, certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to sensitive and personal information than federal, international or other state laws, and such laws may differ from each other, which may complicate compliance efforts. For example, California enacted the California Consumer Privacy Act of 2018 ("CCPA") which went into effect in January 2020 and became enforceable by the California Attorney General in July 2020, and which, among other things, requires companies covered by the legislation to provide new disclosures to California consumers and afford such consumers new rights of access and deletion for personal information, as well as the right to opt out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. Additionally, a California ballot initiative, the California Privacy Rights Act ("CPRA") was passed in November 2020 and its amendments to the CCPA went into effect January 1, 2023. The CPRA amendments impose additional obligations on in-scope companies and significantly modify the CCPA, including by expanding consumers' rights with respect to certain sensitive personal information. The CPRA amendments also created a new state agency vested with authority to implement and enforce the CCPA, and which is presently engaged in rulemaking processes that can introduce additional burdens or obligations on FF's compliance programs and data practices. Moreover, additional states such as Virginia, Colorado, Connecticut and Utah have passed similar legislation that went into effect in 2023, and further states may follow. Additionally, the Federal Trade Commission has issued an Advanced Notice of Proposed Rulemaking in August of 2022 indicating its interest in developing broad regulations around information security and commercial surveillance practices that may further impact our business. The effects of these new privacy laws and regulations are potentially significant and may require FF to modify its data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply and increase our potential exposure to regulatory enforcement and/or litigation.

Internationally, many jurisdictions have established their own data security and privacy legal framework with which FF or its clients may need to comply, including, but not limited to, the E.U. The E.U.'s data protection landscape is currently unstable, resulting in possible significant operational costs for internal compliance and risk to FF's business. In China, the Personal Information Protection Law was passed on August 20, 2021 and took effect on November 1, 2021, imposing restrictions on entities that collect and process personal data and sensitive information about subjects in China. China also has a cybersecurity regulatory regime that may also add to our regulatory compliance risks.

Failure by FF, whether actual or perceived, to comply with federal, state or international privacy, data protection or security laws or regulations could result in regulatory or litigation-related actions against FF, legal liability, fines, damages and other costs, and could adversely affect its business, financial condition, results of operations and prospects.

FF is subject to cybersecurity risks relating to its various systems and software, or that of any third party that FF relies upon, and any failure, cyber event or breach of security could prevent FF from effectively operating its business, harm its reputation or subject FF to significant liability.

FF's business requires it to use and store confidential information, including information relating to its suppliers and other third parties, and FF's customers' personal information and preferences. FF and the business partners storing its data are routinely subject to cybersecurity threats and attacks. Information security risks have increased in recent years in part because of the proliferation of new technologies and the increased sophistication and activities of organized crime, hackers, terrorists, state-sponsored actors, and other external parties. Moreover, cybersecurity laws are increasing in complexity and creating expanded areas for potential legal liability in the wake of data breaches or technological vulnerabilities. FF's vehicles contain complex IT systems and software to support interactive and other functions. FF maintains policies, procedures and technological safeguards and has implemented policy, procedural, technical, physical and administrative controls intended to prevent unauthorized access to its IT networks and vehicles' systems. However, FF regularly defends against and responds to information security incidents, vulnerabilities and other security events. Unauthorized persons may gain unauthorized access to modify, alter, insert malicious code and use such networks and systems or gain access to confidential information of our suppliers, other third parties or customers, or our software or other technologies may have vulnerabilities that lead to

operational interruptions, data losses, or other harms. In the event FF's or FF business partners' data system protection, disaster recovery, business continuity or secure software and development lifecycle efforts are unsuccessful and such systems or the data systems of vehicles are compromised, FF could suffer substantial harm. The conflict between Russia and Ukraine may increase the risk of cyberattacks.

FF cannot entirely eliminate the risk of improper or unauthorized access to or disclosure of data or personal information, technological vulnerabilities or other security events that impact the integrity or availability of FF's data systems and operations, or the related costs FF may incur to mitigate the consequences from such events. Additionally, FF cannot guarantee that its insurance coverage would be sufficient to cover all losses. Moreover, FF has limited control over and limited ability to monitor FF's third-party business partners that collect, store, and process information, including personally identifiable information, on FF's behalf. They and their systems could be the subject of cyberattacks, just as FF could, and they may or may not put into practice the policies and safeguards they should in order to comply with applicable laws, regulations, and their contractual obligations to FF. A vulnerability in a third-party business partner's software or systems, a failure of FF's third-party business partner's safeguards, policies or procedures, or a breach of a third-party business provider's software or systems could result in the compromise of the confidentiality, integrity or availability of FF's systems or vehicles, or the data stored by FF's business partners.

To the extent that FF's vehicles are commercialized, there can be no assurance that these vulnerabilities related to FF's systems and software will not be exploited in the future before they can be identified, or that FF's remediation efforts will be successful. A major breach of FF's network security and systems could have negative consequences for its business, prospects, financial condition and results of operation including possible fines, penalties and damages, reduced customer demand for FF's vehicles and harm to its reputation and brand. Any cyberattacks, unauthorized access, disruption, damage or control of FF's IT networks and systems or any loss or leakage of data or information stored in its systems could result in disruption of FF's operations and legal claims or proceedings. In addition, regardless of their veracity, reports of cyberattacks to our networks, systems or data, as well as other factors that may result in the perception that FF's networks, systems or data are vulnerable to "hacking," could further negatively affect FF's brand and harm its business, prospects, financial condition and results of operation.

FF may not be able to obtain regulatory approval for its vehicles.

Motor vehicles are subject to substantial regulation under international, federal, state and local laws. Vehicles produced by FF will be required to comply with the applicable safety, product and other standards and regulations in FF's targeted markets. For example, FF's vehicles in the U.S. are subject to numerous regulatory requirements established by the NHTSA, including all applicable Federal Motor Vehicle Safety Standards ("FMVSS"). FF's vehicles must also obtain emissions certification from either the EPA or CARB. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving federal certification. In addition, FF's vehicles sold in China must pass various tests and undergo a certification process and be affixed with the China Compulsory Certification ("CCC"), before delivery from the factory and sale, and such certification is also subject to periodic renewal. FF may fail to obtain or renew the required certification or regulatory approval for its vehicles, which may prevent FF from delivering, selling and/or importing/exporting its vehicles, and therefore materially and adversely affect its business, results of operations, financial condition and prospects.

FF and its suppliers and manufacturing partners may be subject to increased environmental and safety or other regulations and disclosure rules resulting in higher costs, cash expenditures, and/or sales restrictions.

As a manufacturing company, including with respect to the current FF ieFactory California facility, its planned future facility with a third-party manufacturer in South Korea and other potential contract manufacturing options, and its planned joint venture in China, FF and its suppliers and manufacturing partners are or will be subject to complex environmental, manufacturing, health and safety laws and regulations at numerous jurisdictional levels in the U.S., South Korea and other locations where they may expand operations, including laws relating to the use, handling, storage, recycling, disposal and human exposure to hazardous materials and relating to the construction, expansion and maintenance of their facilities. Evolving disclosure rules on environmental matters may also entail additional compliance and reporting costs, including, for instance, the new climate change reporting rules recently adopted by the SEC.

The costs of compliance, including remediating contamination if any is found on FF or its manufacturing partner's properties, and any changes to their operations mandated by new or amended laws, may be significant. FF and/or its suppliers and manufacturing partners may be required to incur additional costs to comply with any changes to such regulations, and any failures to comply could result in significant expenses, delays or fines. FF and its suppliers and manufacturing partners will be subject to laws, regulations and standards applicable to the supply, manufacture, import, sale and service of automobiles in

different jurisdictions and relating to vehicle safety, fuel economy and emissions, among other things, in different jurisdictions which often may be materially different from each other. As a result, FF and/or its suppliers and manufacturing partners may need to make additional investments in the applicable vehicles and systems to ensure regulatory compliance.

Additionally, there is a variety of international, federal and state regulations that may apply to autonomous vehicles, which include many existing vehicle standards that were not originally intended to apply to vehicles that may not have a driver. For example, there are currently no federal U.S. regulations pertaining to the safety of autonomous vehicles; however, NHTSA has established recommended guidelines. Certain states have legal restrictions on autonomous vehicles, and many other states are considering them. Such regulations continue to rapidly change, which increases the likelihood of a patchwork of complex or conflicting regulations. This could result in higher costs and cash expenditures, or may delay products or restrict self-driving features and availability, any of which could adversely affect our business, prospects, financial condition and results of operation.

FF may be subject to anti-corruption, anti-bribery, anti-money laundering, economic sanctions and other similar laws and regulations, and non-compliance with such laws and regulations could subject FF to civil, criminal and administrative penalties, remedial measures and legal expenses, all of which could adversely affect FF's business, prospects, results of operations, financial condition and reputation.

FF is or will be subject to laws with respect to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and other similar laws and regulations in various jurisdictions in which FF conducts, or in the future may conduct, activities, including the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws and regulations. The FCPA prohibits FF and its officers, directors, employees and business partners acting on its behalf, including agents, from offering, promising, authorizing or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations could adversely affect FF's business, prospects, results of operations, financial condition and reputation.

FF's policies and procedures designed to ensure compliance with these regulations may not be sufficient, and its directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which FF may be held responsible. Non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject FF to adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect FF's business, prospects, results of operations, financial condition and reputation.

Increases in costs, disruption of supply or shortage of materials used to manufacture FF's vehicles, in particular for lithium-ion cells or electronic components, could harm its business.

FF incurs significant costs related to procuring components and raw materials required to manufacture its vehicles. FF may experience cost increases, supply disruption and/or shortages relating to components and raw materials, which could materially and adversely impact its business, prospects, financial condition and operating results. FF uses various components and raw materials in its business, such as steel, aluminum, and lithium battery cells. The prices for these materials fluctuate, and their available supply may be unstable, depending on market conditions and global demand for these materials, including as a result of increased production of electric vehicles by FF's competitors, as well as unforeseeable events such as the COVID-19 pandemic.

For instance, FF is exposed to multiple risks relating to lithium battery cells or electronic components, including but not limited to: (i) an increase in the cost, or decrease in the available supply, of materials used in the battery cells, such as lithium, nickel, cobalt and manganese; (ii) disruption in the supply of battery cells or electronic components due to quality issues or recalls by battery cell or electronic component manufacturers; and (iii) the inability or unwillingness of FF's current battery cell or electronic component manufacturers to build or operate battery cell or electronic components manufacturing plants to supply the numbers of lithium cells or electronic components required to support the growth of the electric vehicle industry as demand for such battery cells or electronic components increases.

FF's business is dependent on the continued supply of battery cells for the battery packs used in its vehicles and other electronic components. While FF believes several sources of the battery cells are available for such battery packs, it has to date fully qualified only one supplier for the battery cells used in such battery packs and has very limited flexibility in changing battery cell suppliers. Any disruption in the supply of battery cells or electronic components from such suppliers could disrupt

production of FF's vehicles until such time as a different supplier is fully qualified. There can be no assurance that FF would be able to successfully retain alternative suppliers on a timely basis, on acceptable terms or at all.

Furthermore, tariffs or shortages in petroleum and other economic conditions may result in significant increases in freight charges and material costs. In addition, a growth in popularity of electric vehicles without a significant expansion in battery cell production capacity could result in shortages which would result in increased materials costs to FF thereby negatively impacting its business, prospects, financial condition and results of operations. Substantial increases in the prices for FF's raw materials or components would increase its operating costs, and could reduce margins if FF cannot recoup the increased costs through increased vehicle prices. Any attempts to increase product prices in response to increased material costs could result in a decrease in sales and therefore materially and adversely affect FF's brand, business, prospects, financial condition and operating results.

FF may be subject to risks associated with autonomous driving technology.

The FF 91 series is designed with autonomous driving functionalities and FF plans to continue its R&D efforts in autonomous driving technology. However, such functionality is relatively new and poses risks, such as from defective software performance or unauthorized access or security attacks by other persons. The safety of such technologies also depends in part on user interaction, and users may not be accustomed to using such technologies. Such failures could lead to accidents, injury and death. For example, there have already been fatal accidents caused by autonomous driving vehicles developed by other leading market players. Any accidents involving self-driving vehicles — even if involving those of FF's competitors — may result in lawsuits, liability and negative publicity and increase calls for more restrictive laws and regulations governing self-driving vehicles or to keep in place laws and regulations in locations that do not permit drivers to employ the self-driving functionality. Any of the foregoing could materially and adversely affect FF's business, results of operations, financial condition, reputation and prospects.

Autonomous driving technology is also subject to considerable regulatory uncertainty as the law evolves to catch up with the rapidly evolving nature of the technology itself, all of which are beyond FF's control. Also see “– *FF and its manufacturing partners may be subject to increased environmental and safety or other regulations and disclosure rules resulting in higher costs, cash expenditures, and/or sales restrictions.*”

Developments in new energy technology or improvements in the fuel economy of internal combustion engines or significant reduction in gas prices may materially and adversely affect FF's business, prospects, financial condition and results of operation.

Significant developments in alternative technologies, such as advanced diesel, ethanol, or compressed natural gas or improvements in the fuel economy of the internal combustion engine or significant reduction in gas prices may materially and adversely affect FF's business, prospects, financial condition and results of operation. Other fuels or sources of energy, such as hydrogen fuel cells, may emerge as customers' preferred alternative to battery electric vehicles. FF is currently a pure battery electric vehicle company. Any failure by FF to develop new or enhanced technologies or processes, or to react to changes in existing technologies or consumer preferences, could result in the loss of competitiveness of FF's vehicles, decreased revenue and a loss of market share to competitors.

FF's vehicles will make use of lithium-ion battery cells, which have been observed to catch fire or vent smoke and flame.

FF's vehicles will make use of lithium-ion battery cells, which have been reported that on rare occasions, can rapidly release the energy they store by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells. While the FF battery pack has been designed with the management system and thermal event alarming system which should actively and continuously monitor each cell voltage and also the battery pack temperature and pressure condition to prevent such incidents, a field or testing failure of our vehicles or battery packs could occur, which could subject FF to product liability claims, product recalls, or redesign efforts, and lead to negative publicity. Moreover, any failure of a competitor's electric vehicle or energy storage product may cause indirect adverse publicity for FF and FF's products.

In addition, FF will need to store a significant number of lithium-ion cells at its facilities. Any mishandling of battery packs may cause disruption to business operations and cause damage and injuries.

FF may not be able to guarantee customers access to efficient, economical and comprehensive charging solutions.

FF has not built any commercial charging infrastructure, and FF's customers will have to rely on private and publicly accessible charging infrastructure, which is generally considered to be insufficient, especially in China. FF may not have

competitive advantages in terms of proprietary charging infrastructure or holistic charging solutions. Some competitors may provide charging services via self-owned charging infrastructure, battery swapping and charging vehicles, which FF may not be able to deliver.

The charging services FF may provide could fail to meet the expectations and demands of FF's customers, who may lose confidence in FF and its vehicles. This may also deter potential customers from purchasing FF's vehicles. In addition, even if FF has the ability and plan to build its own charging infrastructure, it may not be cost-effective and FF may face difficulties in finding proper locations and obtaining relevant government permits and approvals. To the extent FF is unable to meet its customers' expectations or demand, or faces difficulties in developing efficient, economical and comprehensive charging solutions, FF's reputation, business, financial condition and results of operations may be materially and adversely affected.

FF will face risks associated with international operations, including possible unfavorable regulatory, political, currency, tax and labor conditions, which could harm its business, prospects, financial condition and results of operations.

FF has a global footprint with domestic and international operations and subsidiaries. Accordingly, FF is subject to a variety of legal, political and regulatory requirements and social, environmental and economic conditions over which FF has little control. For example, FF may be impacted by trade policies, environmental conditions, political uncertainty and economic cycles involving the U.S. and China, which are inherently unpredictable. FF is subject to a number of risks particularly associated with international business activities that may increase FF's costs, impact its ability to sell vehicles and require significant management attention. These risks include conforming FF's vehicles to various international regulatory and safety requirements as well as charging and other electric infrastructures, organizing local operating entities, difficulty in establishing, staffing and managing foreign operations, challenges in attracting customers, hedging against foreign exchange risk, compliance with foreign labor laws and restrictions, and foreign government taxes, regulations and permit requirements, FF's ability to enforce its contractual rights, trade restrictions, customs regulations, tariffs and price or exchange controls, and preferences of foreign nations for domestically manufactured products. If FF does not sufficiently address any of these challenges, its business, prospects, financial condition and results of operations may be materially and adversely affected.

FF might not obtain and maintain sufficient insurance coverage, which could expose FF to significant costs and business disruption.

To the extent FF commercializes its vehicles, FF may only obtain and maintain a limited liability insurance coverage for its products and business operations. A successful liability claim against FF due to injuries suffered by the users of its vehicles or services could materially and adversely affect FF's business, prospects, financial condition, results of operations and reputation. In addition, FF does not have any business disruption insurance. Any business disruption event could result in substantial cost and diversion of resources.

Government financial support, incentives and policies for electric vehicles are subject to change. Discontinuation of any of the government subsidies or imposition of any additional taxes or surcharges could adversely affect FF's business, prospects, financial condition and results of operations.

Government financial support and subsidies are critical to electric vehicle sales and changing consumer behaviors. Any reduction, discontinuation, elimination or discriminatory application of government financial support, subsidies and economic incentives because of policy changes, fiscal tightening, or the perceived success of electric vehicles or other reasons may result in the diminished competitiveness of the electric vehicle industry generally or FF's electric vehicles in particular. Competitors who have already rolled out their electric vehicles before the phase-out or discontinuation of these incentives may be able to expand their customer base more effectively, which could place FF at a competitive disadvantage. While certain tax credits and other incentives for alternative energy production, alternative fuel and electric vehicles have been available in the past, there is no guarantee that these programs will be available in the future. If current tax incentives or saleable electric vehicle emissions credits are not available in the future, or if additional taxes or surcharges are imposed, FF's business, prospects, financial condition and results of operations could be harmed.

FF may engage in direct-to-consumer leasing or financing arrangements in the future which will expose FF to credit, compliance and residual value risks, the failure of which to manage may materially harm FF's business, prospects, financial condition and results of operation.

FF expects the availability of financing or leasing programs to be important for its potential customers and may offer financing or leasing arrangements for its vehicles or collaborate with third parties to provide such arrangements in the future. However, FF may not be able to obtain adequate funding for its future financing or leasing programs or offer terms acceptable to potential customers. If FF is unable to provide compelling financing or leasing arrangements for its vehicles, it may be

unable to grow the vehicle orders and deliveries, which could materially and adversely harm FF's business, prospects, financial condition and results of operations.

Additionally, if FF does not successfully monitor and comply with applicable national, state, and/or local consumer protection laws and regulations governing these transactions, FF may become subject to enforcement actions or penalties, either of which may harm its business and reputation.

Moreover, offering leasing or financing arrangements will expose FF to risks commonly associated with the extension of credit. Credit risk is the potential loss that may arise from any failure in the ability or willingness of the customer to fulfill its contractual obligations when they fall due. In the event of a widespread economic downturn or other catastrophic event, FF's customers may be unable or unwilling to satisfy their payment obligations on a timely basis or at all. Moreover, competitive pressure and challenging markets may increase credit risk through loans and leases to financially weak customers and extended payment terms. If a significant number of FF's customers default, FF may incur credit losses and/or have to recognize impairment charges with respect to the underlying assets, which may be substantial. Any such credit losses and/or impairment charges could adversely affect FF's business, prospects, operating results or financial condition.

Further, in lease arrangements, the profitability of any vehicles returned to FF at the end of their leases depends on FF's ability to accurately project such vehicles' residual values at the outset of the leases, and such values may fluctuate prior to the end of their terms depending on various factors such as supply and demand of FF's used vehicles, economic cycles, and the pricing of new vehicles. FF may incur substantial losses if its vehicles' fair market value deteriorates faster than projected.

Yueting Jia, FF's founder and Chief Product and User Ecosystem Officer, is closely associated with FF's image and brand, and his public image may color public and market perceptions of FF. Negative information about Mr. Jia may adversely impact FF. Disassociating from Mr. Jia could also adversely impact FF.

Because of his position as the founder of FF and his continuing role with FF as Chief Product and User Ecosystem Officer, as Founder Advisor to the Board (effective as of October 4, 2022), and, as of February 26, 2023, a Section 16 officer and an "executive officer" of FF under Rule 3b-7 of the Exchange Act, Mr. Jia is closely associated with the image and brand of FF. As a result, his activities, media coverage about his activities and those of his affiliates and public and market perception of him and his role within FF all contribute to public and market perception of FF, which in turn impacts, among other things, FF's ability to conduct business, FF's relationships with its management and employees, FF's ability to raise financing and FF's relationships with government and regulatory officials.

In the past, Mr. Jia's activities have resulted in him being subject to discipline by FF. He has also been the subject of regulatory and legal scrutiny for his conduct at FF and in connection with his other business ventures. The following events and activities, among others, and any future similar events and activities could generate negative perceptions about Mr. Jia and, by extension, FF:

- Mr. Jia was disciplined as part of the Special Committee investigation. See "Note 10, Commitments and Contingencies, in the Notes to the Consolidated Financial Statements for more information regarding the findings and remedial actions relating to the Special Committee investigation.
- Mr. Jia personally declared Chapter 11 bankruptcy in 2019; the U.S. bankruptcy court approved a restructuring plan in this proceeding in 2020.
- The Shenzhen Stock Exchange ("SSE") determined in 2019 that Mr. Jia was unsuitable for a position as director, supervisor or executive officer of public listed companies in China. This action came as a result of the violation by Leshi Information Technology Co., Ltd. ("LeTV"), an SSE-listed public company founded and controlled by Mr. Jia, of several listing rules, including those related to related party transactions, discrepancies in LeTV's forecast and financials, and the use of proceeds from a public offering.
- The China Securities Regulatory Commission notified Mr. Jia in 2021 of its decision to impose fines and a permanent ban from entry into the securities market as a result of misrepresentations in LeTV's disclosure and financial statements, fraud in connection with a private placement, and other violations of securities laws and listing requirements.

- Mr. Jia is a named defendant in securities litigation before the Beijing Financial Court brought in 2021 relating to alleged misrepresentations made by LeTV in connection with the matters referred to above. This matter is pending.
- The Hong Kong Stock Exchange (“HKSE”) notified Mr. Jia in 2021 that he and another former executive director of Coolpad Group Limited (“Coolpad”), an HKSE-listed public company of which Mr. Jia was executive director and chairman, had breached their undertakings to the HKSE as a result of Coolpad’s failure to comply with listing rules relating to timely disclosure and the publishing of financial results. The HKSE determined that Mr. Jia should be removed from the board of Coolpad as his continued service would be prejudicial to the interests of investors.

Although FF is subject to risks from its ongoing association with Mr. Jia, if Mr. Jia ceased to be associated with FF, this also could adversely impact FF’s business, operations, brand, management and employee relations, and customer relationships, as well as FF’s ability to develop business in China. Customers, employees and investors could conclude that because of Mr. Jia’s long relationship with and involvement in FF’s business, and the substantial contributions he has made to FF’s strategy, products and competitive positioning, a loss of Mr. Jia’s involvement could significantly harm FF’s business and prospects.

Yueting Jia is subject to restrictions in China that may continue if not all creditors participating in his personal bankruptcy restructuring plan request his removal from such restrictions. These restrictions may adversely impact FF’s China strategy.

As a condition to receiving distributions from the trust established as part of Mr. Jia’s personal bankruptcy restructuring plan, Mr. Jia’s creditors are required to request his removal from a Chinese official list of dishonest judgment debtors and the lifting of any consumption or travel restrictions that are currently imposed on him. This process has not been completed and Mr. Jia remains subject to restrictions that prevent him from working for FF in China. Continuance of these restrictions would adversely impact FF because of our reliance on him to develop our business in China, which is a crucial part of our growth strategy.

Yueting Jia and FF Global, over which Mr. Jia exercises significant influence, have control over FF’s management, business and operations, and may use this control in ways that are not aligned with FF’s business or financial objectives or strategies or that are otherwise inconsistent with the FF’s interests.

Mr. Yueting Jia founded FF in 2014, and was its Chief Executive Officer from 2017 until 2019. He chose and led the team creating the FF 91 series, and is our current Chief Product & User Ecosystem Officer, Mr. Jia continues to be an integral part of the innovation and development of our products. In addition, under the Heads of Agreement, FF agreed to reinstitute the FF Transformation Committee, a management committee without decision-making authority (of which Mr. Jia is a member and Mr. Jerry Wang is initially an observer as a representative of FF Global) that discusses business matters being undertaken by FF. Effective as of October 4, 2022, Mr. Jia was also appointed as Founder Advisor, in which capacity he acts as an advisor to the Board (with no change to his current compensation). On February 26, 2023, after an assessment by the Board of FF’s management structure, the Board approved Mr. Jia (alongside FF’s then Global CEO, 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 FF’s management. FF’s remaining departments continue to report to Mr. Xuefeng Chen. Based on the changes to his responsibilities within FF, the Board determined that Mr. Jia is a Section 16 officer and an “executive officer” of FF under Rule 3b-7 under the Exchange Act. As a result, Mr. Jia’s responsibilities at FF have been expanded and his ability to further influence FF, its management, business and operations has been increased.

FF Global is controlled by a board of five voting managers that includes Mr. Jia and certain business associates and a family member, which at times have included directors and senior executives of FF. Despite the participation of some members of our executive management in the management of FF Global, FF Global is not under the control of our Board.

FF Global, in turn, has control over FF’s management, business and operations by several means, including:

- FF Global has substantial influence over the composition of our Board (in addition to FF Global’s director nomination rights under the Shareholder Agreement described below). Additionally, pursuant to the Amended Shareholder Agreement, FF Top informed the Company that it may request the Company to submit a proposal to the Company stockholders for approval to amend the Amended and Restated Charter to provide that (i) the voting

power of the Class B Common Stock, of which FF Global owns all outstanding shares, will be 10 votes per share and (ii) the voting power of the Class B Common Stock will increase from 10 votes per share to 20 votes per share following the Company achieving an equity market capitalization of \$3.0 billion.

- *Control of the Partnership Program described in this 10-K under “Business – Partnership Program.”* Acting through FF Global, in July 2019 certain current and former directors and executives of the Company established an arrangement which they refer to as the “Partnership Program.” The Partnership Program provides financial benefits to certain Company directors, management and employees. The Partnership Program is administered by FF Global and is not under the Company’s supervision, and as a consequence the Company cannot be sure that it has all information about the Partnership Program that would be necessary to evaluate or mitigate its impact on FF’s ability to set and ensure the execution of FF’s business objectives and strategies.
- *the exercise of rights to appoint and remove directors.* As previously disclosed, beginning in June 2022, FF was party to a dispute with FF Global 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. On September 23, 2022, FF entered into the Heads of Agreement, which provided for a governance settlement with FF Top that gave FF Global significant influence over the nomination and election of directors to the Board. On January 13, 2023, FF entered into the Amended Shareholder Agreement, which in part amended the Heads of Agreement.

Under the Heads of Agreement, as amended by the Amended Shareholder Agreement, FF Global (through its subsidiary FF Top) had the right to select four directors (at least two of whom must be independent directors) out of a total of seven directors to be included on the Board’s slate for the Company’s 2023 annual meeting of stockholders. The four directors selected by FF Global are Mr. Chad Chen, Ms. Li Han, Mr. Chui Tin Mok and Mr. Jie Sheng.

Pursuant to the Amended Shareholder Agreement, FF Top currently has the right to nominate for election to the Board four designees until the first date on which FF Top has ceased to beneficially own at least 88,890 shares of Common Stock for at least 365 consecutive days, with such amount subject to adjustment in connection with any stock split, reverse stock split or other similar corporate action after the date of the Amended Shareholder Agreement. Following the termination of FF Top’s right to nominate four designees, FF Top will continue to have the right to nominate a number of designees not less than the number equal to the total number of directors on the Board, multiplied by the aggregate voting power of the shares of Common Stock and other securities of FF generally entitled to vote in the election of directors of FF beneficially owned by FF Top and its affiliates, divided by the total voting power of the then-outstanding shares of Common Stock issued as of the record date for any meeting of stockholders of FF at which directors are to be elected, rounding up to the next whole director. The Amended Shareholder Agreement also requires FF to take all Necessary Action (as defined in the Amended Shareholder Agreement) to cause to be appointed to any committee of the Board a number of FF Top designees that corresponds to the proportion that the number of directors FF Top has the right to designate to the Board bears to the total number of directors on the Board, to the extent such designees of FF Top are permitted to serve on such committees under the applicable rules and regulations of the SEC and applicable listing rules. The designees of FF Top are required to include two independent directors for so long as FF Top is entitled to nominate four designees, and FF is at all times required to cause the Board to include a sufficient number of independent directors who are not designees of FF Top to comply with applicable listing standards, unless and until FF becomes a “controlled company” under relevant listing exchange rules. FF Top has the right to fill any vacancies created on the Board at any time by the death, disability, retirement, removal, failure of being elected or resignation of any designee of FF Top. Further, FF Top has the right at any time, and from time to time, to remove any designee of FF Top, and FF Top has the exclusive right to nominate a replacement nominee to fill any vacancy so created by such removal or resignation of such designee of FF Top. FF will use its reasonable best efforts to take or cause to be taken, to the fullest extent permitted by law, all necessary action to fill such vacancies or effect such removals in accordance with the Amended Shareholder Agreement. The appointment or nomination for election of designees of FF Top (other than FF Top’s designees for the Company’s 2023 annual meeting of stockholders, the appointment of whom was governed by the Heads of Agreement, as amended by the Amended Shareholder Agreement) will be subject to the reasonable verification and/or approval by the Nominating and Corporate Governance Committee of the Board based on the criteria set forth in the Amended Shareholder Agreement. If any designee of FF Top fails to be elected at any meeting of FF’s stockholders, then, upon FF Top’s request in writing, FF will promptly expand the size of the Board by a number of seats equal to the number of non-elected designees of FF Top, and FF Top will have the exclusive right to fill the vacancy or vacancies on the Board created by such expansion (provided the individual or

individuals who will fill such vacancy or vacancies will not be the same designees of FF Top who failed to get elected, without prejudice to FF Top's right to re-designate the non-elected designees as designees of FF Top in any other circumstance), and such new designees of FF Top will be appointed to the Board by the Board promptly following their having been approved or deemed approved in accordance with the relevant criteria and procedures set forth in the Amended Shareholder Agreement. Immediately prior to (and effective as of) the first meeting of stockholders following such expansion of the Board, the Board will cause the size of the Board to be decreased back to seven.

As a result of the foregoing, FF Global has significant influence over the composition of the Board and, as a result, Mr. Jia and FF Global have strengthened their already significant influence over FF.

Given that Mr. Jia was disciplined by FF in connection with the Special Committee investigation, and in light of the regulatory sanctions he has faced in China (as described above under “– *Yueting Jia, FF's founder and Chief Product and User Ecosystem Officer, is closely associated with FF's image and brand, and his public image may color public and market perceptions of FF. Negative information about Mr. Jia may adversely impact FF. Disassociating from Mr. Jia could also adversely impact FF*”), the fact that the Board has determined that Mr. Jia is a Section 16 officer and as an “executive officer” of FF under Rule 3b-7 of the Exchange Act, which both could imply that Mr. Jia has policy-making authority in FF, could adversely affect the outcome of the pending SEC and DOJ investigations of FF in connection with the matters that were the subject of the Special Committee investigation. Moreover, as a result of Mr. Jia's regulatory sanctions in China, the Board's determination that Mr. Jia is both a Section 16 officer and an executive officer of FF could result in the delisting of FF's securities by Nasdaq, which would adversely impact our ongoing financing efforts, business and financial position and materially impair the market for and market price of our Class A Common Stock and warrants. If our securities are delisted by Nasdaq, we are unlikely to be able to raise sufficient additional funds in the near term, and as a result may be required to further delay our production and delivery plans for the FF 91, reduce headcount, liquidate our assets, file for bankruptcy, reorganize, merge with another entity, and/or cease operations. In determining that Mr. Jia is a Section 16 officer and as an “executive officer” of FF under Rule 3b-7 of the Exchange Act, the Board considered the value of Mr. Jia to FF's product and technology innovation, I.A.I., advanced technology, product and technology power and future development and his significant contributions to FF's financings.

Mr. Jia maintains that the litigation previously initiated by FF Global for purposes of changing the Board and management of FF, which has since been dismissed without prejudice pursuant to the Heads of Agreement, was a collective decision made by FF Global and was not Mr. Jia's decision. See Note 10, *Commitments and Contingencies – Legal Proceedings*, in the Notes to the Consolidated Financial Statements. Our interests may not coincide with the interests of Mr. Jia or FF Global in all circumstances. For example, our Board may prioritize business or financial objectives or strategies that Mr. Jia or FF Global disagree with or that Mr. Jia or FF Global consider not to be in their interest. In such a case, Mr. Jia or FF Global could use their significant influence over FF's stockholders and potential investors, FF's management, business and operations to advance the interests of Mr. Jia or FF Global notwithstanding any adverse impact on FF's interests.

Disputes with FF's stockholders are costly and distracting.

We have in the past been, and may in the future be, party to various disputes with our stockholders. For example, beginning in June 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. As part of this dispute, on June 22, 2022, Matthias Ayt, FF's current Global CEO and director and then a member of the board of managers of FF Global, after a discussion with a member of FF Global, relayed to Mr. Brian Krolicki, a former member of the Board, that FF Global would pay Mr. Krolicki up to \$700,000, offset by the amount of any severance payments made by FF, if Mr. Krolicki resigned from the Board. This offer was rejected by Mr. Krolicki.

While FF entered into governance settlements with FF Top on September 23, 2022 and on January 13, 2023, which included general mutual releases of claims, there can be no assurance that disputes with FF Global or FF's other stockholders will not arise in the future. For instance, shortly following the execution of the Heads of Agreement, FF Global began making additional demands of FF which were beyond the scope of the terms contemplated by the Heads of Agreement and pertained to, among other things, FF's management reporting lines and certain governance matters. On September 30, 2022, FF Global alleged that FF was in material breach of the spirit of the Heads of Agreement. FF believes it has complied with the applicable terms of the Heads of Agreement, and disputes any characterization to the contrary. Such dispute could result in litigation, may consume substantial amounts of Board and management time, make it difficult for the Board to operate in a constructive and collegial manner and are likely to be costly to FF. In addition, the diversion of management and Board attention caused by such disputes may risk the successful completion of FF's ongoing financing efforts. 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 is subject to legal proceedings, claims, and disputes arising both in and outside the ordinary course of business.

FF has been, continues to be, and may in the future be involved in legal proceedings and claims arising both in and outside the ordinary course of FF's business. We could also be subject to claims and litigation by investors based on the decline of the price of our Common Stock. For example, FF has been involved in litigation with contractors and suppliers over past due payments and FF's subsidiaries in the People's Republic of China (the "PRC Subsidiaries") are involved in multiple proceedings or disputes involving lease contracts, third-party suppliers or vendors, or labor disputes. Additionally, FF has in the past been, and may in the future be, party to various disputes with our stockholders, such as the dispute with FF Global, the California Federal Derivative Action, the Delaware Federal Derivative Actions, the Consolidated Delaware Class Action, and a putative class action (each as defined in Note 10, *Commitments and Contingencies*), in the Notes to the Consolidated Financial Statements. See Note 10, *Commitments and Contingencies*", in the Notes to the Consolidated Financial Statements and "Part I, Item 13 Legal Proceedings" for more information regarding the current legal proceedings FF is involved in.

Such litigation and other legal proceedings or disputes are inherently uncertain, divert managements time and attention, and are costly. Any adverse judgments or settlements in some of these legal disputes, or future proceedings or disputes, may result in adverse monetary damages, penalties or injunctive relief against FF, which could negatively impact its financial position, cash flows or results of operations. Additionally, if one or more of those legal matters were resolved against FF in a reporting period for amounts above management's expectations, FF's business prospects, financial condition and operating results could be materially adversely affected. Further, any claims or litigation, regardless of outcome or if fully indemnified or insured, could damage FF's reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future.

Furthermore, while FF maintains insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as retentions and caps on amounts recoverable. Even if FF believes a claim is covered by insurance, insurers may dispute its entitlement to recovery for a variety of potential reasons, which may affect the timing and, if the insurers prevail, the amount of FF's recovery.

Risks Related to FF's Operations in China

FF operates in China, and plans to have significant operations in the future in China (including Hong Kong) through the PRC Subsidiaries, and faces various legal and operational risks associated with doing business in China, which could result in a material change in the operations of the PRC Subsidiaries, cause the value of FF's securities to significantly decline or become worthless, and significantly limit or completely hinder FF's ability to accept foreign investments, and FF's ability to offer or continue to offer our shares of Class A Common Stock and warrants to investors. FF also faces similar risks related to its expansion plans in Hong Kong, which is subject to political and economic influence from China. These risks include:

Changes in the political and economic policies of the PRC government may materially and adversely affect FF's business, financial condition and results of operations and may result in FF's inability to sustain its growth and expansion strategies.

As part of FF's dual-market strategy, substantial aspects of its business and operations may be based in China in the future, which will increase FF's sensitivity to the economic, operational and legal risks specific to China. For example, China's economy differs from the economies of most developed countries in many aspects, including, but not limited to, the degree of government involvement, control of capital investment, reinvestment control of foreign exchange, control of intellectual property, allocation of resources, growth rate and development level. Although the PRC government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, including the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, which are generally viewed as a positive development for foreign business investment, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over the PRC economic growth through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While China's economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing down. Some of the governmental measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our

financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. Higher inflation could adversely affect our results of operations and financial condition. Furthermore, certain operating costs and expenses, such as employee compensation and office operating expenses, may increase as a result of higher inflation. In addition, the PRC government has implemented in the past certain measures to control the pace of economic growth. These measures may cause decreased economic activity, which in turn could lead to a reduction in demand for our products and services, and consequently have a material adverse effect on our businesses, financial condition and results of operations.

It is unclear whether and how FF's current or future business, prospects, financial condition or results of operations may be affected by changes in China's economic, political and social conditions and in its laws, regulations and policies. In addition, many of the economic reforms carried out by the Chinese government are unprecedented or experimental and are expected to be refined and improved over time. The ultimate effect of such refining and improving process may on FF's operations and business development is uncertain.

Uncertainties with respect to the Chinese legal system, regulations and enforcement policies could have a material adverse effect on FF.

FF's operations in China are governed by PRC laws and regulations. As the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules and enforcement of these laws, regulations and rules may involve uncertainties. In addition, the PRC government authorities may continue to promulgate new laws and regulations related to, among other things, foreign investment and manufacturing in China. We cannot assure you that our business operations would not be deemed to violate any existing or future PRC laws or regulations, which in turn could have a material adverse effect on our business and our ability to operate our business in China.

From time to time, the PRC Subsidiaries may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business, impede the PRC Subsidiaries' operations and reduce the value of your investment in FF.

Recently, the General Office of the State Council and another PRC authority jointly issued the "Opinions on Severely Cracking Down on Illegal Securities Activities According to Law" (the "Opinions"), which was promulgated on July 6, 2021. The Opinions emphasized the need to strengthen the administration over illegal securities activities, the need to strengthen the supervision over overseas listings by PRC-based companies and the need to revise the special provisions of the State Council on overseas issuance and listing of shares by those companies. Effective measures, such as promoting the construction of relevant regulatory systems will be taken to deal with the risks and incidents of PRC-based companies, and cybersecurity, data security, privacy protection requirements and similar matters. On February 17, 2023, the China Securities Regulatory Commission (the "CSRC") promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic companies (the "Overseas Listing Trial Measures") and relevant five guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures will comprehensively reform the existing regulatory regime for overseas securities offering and listing of PRC domestic companies by adopting a filing-based regulatory regime. See "*The approval of, or filing or other administrative procedures with, the CSRC or other PRC governmental authorities may be required in connection with certain of our financing activities, and, if required, we cannot predict if we will be able to obtain such approval or complete such filing or other administrative procedures*" for more details.

Furthermore, the PRC government may strengthen oversight and control over offerings conducted overseas and/or foreign investment in issuers with substantial operations in China. Such actions taken by the PRC government may intervene or influence the PRC Subsidiaries' operations at any time, which are beyond our control. Therefore, any such action may adversely affect our operations and significantly limit or hinder our ability to raise additional capital and reduce the value of our securities.

Uncertainties regarding the enforcement of laws and the fact that rules and regulations in China can change quickly with little advance notice, along with the risk that the Chinese government may intervene or influence the PRC Subsidiaries' operations at any time, or may exert more control over offerings conducted overseas and/or foreign investment in issuers with

substantial operations in China could result in a material change in our operations or financial performance and/or could result in a material reduction in the value of our Class A Common Stock and warrants or hinder our ability to raise necessary capital.

Fluctuations in exchange rates could result in foreign currency exchange losses to FF and may reduce the value of, and amount in U.S. Dollars of dividends payable on, its Common Stock in foreign currency terms.

The value of the CNY against the U.S. Dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. In August 2015, the People’s Bank of China (the “PBOC”), changed the way it calculates the mid-point price of the CNY against the U.S. Dollar, requiring the market-makers who submit for reference rates to consider the previous day’s closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. In 2018, the value of CNY appreciated by approximately 5.5% against the U.S. Dollar; in 2019, the CNY appreciated by approximately 1.9% against the U.S. Dollar; in 2020, the CNY appreciated 7.0% against the U.S. Dollar; in 2021, the CNY appreciated 2.7% against the U.S. Dollar; in 2022, the CNY appreciated 8.5% against the U.S. Dollar; and in 2023, the CNY appreciated 2.6% against the U.S. Dollar. It is difficult to predict how market forces or PRC or U.S. government policy, including any interest rate increases by the Federal Reserve, may impact the exchange rate between the CNY and the U.S. Dollar in the future. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, including from the U.S. government, which has threatened to label China as a “currency manipulator,” which could result in greater fluctuation of the CNY against the U.S. Dollar. However, the PRC government may still at its discretion restrict access to foreign currencies for capital account or current account transactions in the future. Therefore, it is difficult to predict how market forces or government policies may impact the exchange rate between the CNY and the U.S. Dollar or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in CNY exchange rates and achieve policy goals. If the exchange rate between the CNY and U.S. Dollar fluctuates in an unanticipated manner, our results of operations and financial condition, and the value of, and dividends payable on, our shares in foreign currency terms may be adversely affected.

Changes in the laws and regulations of China or noncompliance with applicable laws and regulations may have a significant impact on FF’s business, results of operations and financial condition.

FF’s operations in China are subject to the laws and regulations of China, which continue to evolve. For example, on January 9, 2021, China’s Ministry of Commerce (“MOFCOM”) issued the Rules on Blocking Improper Extraterritorial Application of Foreign Legislation and Other Measures (the “Blocking Rules”), which established a blocking regime in China to counter the impact of foreign sanctions on Chinese persons. The Blocking Rules have become effective upon issuance, but have only established a framework of implementation, and the rules’ effects will remain unclear until the Chinese government provides clarity on the specific types of extraterritorial measures to which the rules will apply. At this time, we do not know the extent to which the Blocking Rules will impact the operations of the PRC Subsidiaries. There is no assurance that the PRC Subsidiaries will be able to comply fully with applicable laws and regulations should there be any amendment to the existing regulatory regime or implementation of any new laws and regulations. In addition, the interpretations of many laws and regulations are not always uniform and enforcement of these laws and regulations involve uncertainties.

The continuance of the PRC Subsidiaries’ operations depends upon compliance with, among other things, applicable Chinese environmental, health, safety, labor, social security, pension and other laws and regulations. Failure to comply with such laws and regulations could result in fines, penalties or lawsuits.

Furthermore, our business and operations in China entail the procurement of licenses and permits from the relevant authorities. Rapidly evolving laws and regulations and uncertainties regarding interpretations and enforcements thereof could impede the PRC Subsidiaries’ ability to obtain or maintain the required permits, licenses and certificates required to conduct our businesses in China. Difficulties or failure in obtaining the required permits, licenses and certificates could result in the PRC Subsidiaries’ inability to continue our business in China in a manner consistent with past practice. In such an event, our business, results of operations and financial condition may be adversely affected.

FF is a holding company and, in the future, may rely on dividends and other distributions on equity paid by the PRC Subsidiaries to fund any cash and financing requirements that FF may have, and the restrictions on the PRC Subsidiaries' ability to pay dividends or make other payments to FF could restrict FF's ability to satisfy its liquidity requirements and have a material adverse effect on FF's ability to conduct its business.

FF is a holding company and conducts all of its business through its operating subsidiaries. FF may need to rely on dividends and other distributions paid by its operating subsidiaries, including the PRC Subsidiaries, to fund any cash and financing requirements FF may have. Any limitation on the ability of the PRC Subsidiaries to make payments to FF, including but not limited to foreign currencies control, could have a material and adverse effect on FF's business, prospects, financial condition and results of operation, including FF's ability to conduct business, or limit FF's ability to grow. Current PRC regulations permit the PRC Subsidiaries to pay dividends to FF only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, the PRC Subsidiaries are required to set aside at least 10% of their accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of their registered capital. The PRC Subsidiaries may also allocate a portion of their after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends. Furthermore, if the PRC Subsidiaries incur debt on their own behalf, the instruments governing the debt may restrict their ability to pay dividends or make other payments to FF. Any limitation on the ability of the PRC Subsidiaries to distribute dividends or to make payments to FF may restrict its ability to satisfy its liquidity requirements.

In addition, the PRC Enterprise Income Tax Law (the "EIT Law"), and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC-resident enterprises are incorporated.

The PRC government may continue to strengthen its capital controls, and more restrictions and substantial vetting process may be put forward by SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of the PRC Subsidiaries to pay dividends or make other kinds of payments to FF could materially and adversely limit FF's ability to grow, make investments or acquisitions that could be beneficial to FF's business, pay dividends, or otherwise fund and conduct FF's business.

Under the EIT Law, FF may be classified as a PRC "resident enterprise" for PRC enterprise income tax purposes. Such classification would likely result in unfavorable tax consequences to FF and its non-PRC enterprise stockholders and have a material adverse effect on FF's results of operations and the value of your investment.

Under the EIT Law, as well as its implementing rules, an enterprise established outside the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise" for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the implementation rules to the EIT Law, a "de facto management body" is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. In addition, a circular, known as SAT Circular 82, issued in April 2009 by the State Administration of Taxation of the PRC (the "SAT"), specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if the following are located or resident in the PRC: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision making bodies; key properties, accounting books, company seal, and minutes of board meetings and stockholders' meetings; and half or more of the senior management or directors having voting rights. Further to SAT Circular 82, the SAT issued a bulletin, known as SAT Bulletin 45, which took effect in September 2011, to provide more guidance on the implementation of SAT Circular 82 and clarify the reporting and filing obligations of such "Chinese-controlled offshore incorporated resident enterprises." SAT Bulletin 45 provides procedures and administrative details for the determination of resident status and administration on post-determination matters. Although both SAT Circular 82 and SAT Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals, the determining criteria set forth in SAT Circular 82 and SAT Bulletin 45 may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, PRC enterprise groups or by PRC or foreign individuals.

We do not believe that FF, as a holding company incorporated in Delaware, meets all of the conditions above, and thus we do not believe that FF is a PRC resident enterprise. However, if the PRC tax authorities determine that FF is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, FF will be subject to the uniform 25% enterprise income tax on our world-wide income, which could materially reduce our net income.

In addition, FF will also be subject to PRC enterprise income tax reporting obligations. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.”

Finally, since there remains uncertainties regarding the interpretation and implementation of the EIT Law and its implementation rules, it is uncertain whether, if FF is regarded as a PRC resident enterprise, any dividends payable by us to our investors and gains on the sale of our Common Stock would become subject to PRC withholding tax, at a rate of 10% in the case of non-PRC enterprises (subject to the provisions of any applicable tax treaty). It is unclear whether our non-PRC enterprise stockholders would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that FF is treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the Common Stock.

FF and its stockholders face uncertainty with respect to indirect transfers of equity interests in China resident enterprises through transfer of non-Chinese-holding companies. Enhanced scrutiny by the Chinese tax authorities may have a negative impact on potential acquisitions and dispositions it may pursue in the future.

On February 3, 2015, the SAT issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, known as Bulletin 7. Pursuant to this Bulletin 7, an “indirect transfer” of assets, including non-publicly traded equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to Bulletin 7, “PRC taxable assets” include assets attributed to an establishment in China, immovable properties located in China, and equity investments in PRC resident enterprises, in respect of which gains from their transfer by a direct holder, being a non-PRC resident enterprise, would be subject to PRC enterprise income taxes. When determining whether there is a “reasonable commercial purpose” of the transaction arrangement, features to be taken into consideration include, without limitation: whether the main value of the equity interest of the relevant offshore enterprise derives directly or indirectly from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income mainly derives from China; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure; the duration of existence of the stockholders, business model and organizational structure; the income tax payable abroad on the income from the transaction of indirect transfer of PRC taxable assets; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment, the resulting gain is to be included with the enterprise income tax filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the immovable properties located in China or to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax of 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. Bulletin 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired from a transaction through a public stock exchange. On October 17, 2017, the SAT promulgated the Announcement of the SAT on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, known as SAT Circular 37, which became effective on December 1, 2017 and was most recently amended on June 15, 2018. SAT Circular 37, among other things, simplified procedures of withholding and payment of income tax levied on non-resident enterprises.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries or investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions under Bulletin 7 and SAT Circular 37. For transfer of shares in our company by investors that are non-PRC resident enterprises, the PRC Subsidiaries may be requested to assist in the filing under Bulletin 7 and SAT Circular 37. As a result, we may be required to expend valuable resources to comply with Bulletin 7 and SAT Circular 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these publications, or to establish that our company should not be taxed under these publications, which may have a material adverse effect on our financial condition and results of operations.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent FF from making loans or additional capital contributions to the PRC Subsidiaries, which could materially and adversely affect its liquidity and its ability to fund and expand its business.

As an offshore holding company with PRC Subsidiaries, FF may finance the operations of the PRC Subsidiaries by means of loans or capital contributions. As permitted under PRC laws and regulations, we may make loans to the PRC Subsidiaries subject to the approval from governmental authorities and limitation of amount, or we may make additional capital contributions to the PRC Subsidiaries. Furthermore, loans by us to the PRC Subsidiaries to finance its activities cannot exceed the statutory limits, which is either the difference between the registered capital and the total investment amount of such enterprise or a multiple of its net assets in the previous year. In addition, a foreign-invested enterprise (“FIE”), will use its capital pursuant to the principle of authenticity and self-use within its business scope. The capital of an FIE will not be used for the following purposes: (i) directly or indirectly used for payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or investments other than banks’ principal-secured products unless otherwise provided by relevant laws and regulations; (iii) the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (iv) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

In light of the various requirements imposed by PRC regulations on loans to, and direct investment in, the PRC Subsidiaries by offshore holding companies, and the fact that the PRC government may at its discretion restrict access to foreign currencies for current account and capital account transactions in the future, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to the PRC Subsidiaries or with respect to future capital contributions by us to the PRC Subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to capitalize or otherwise fund the PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

The PRC government can take regulatory actions and make statements to regulate business operations in China with little advance notice, so FF’s assertions and beliefs of the risks imposed by the Chinese legal and regulatory system cannot be certain.

The Chinese government has taken and continues to take regulatory actions and make statements to regulate business operations in China, sometimes with little advance notice. Our ability to operate and to expand our operations in China in the future may be harmed by changes in its laws and regulations, including those relating to foreign investment, cybersecurity and data protection, foreign currency exchange, taxation, environmental regulations, land use rights, property and other matters. The central or local governments of these jurisdictions may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. Accordingly, government actions in the future could have a significant effect on economic conditions in China, or particular regions thereof, and could require us to divest ourselves of any interest we then hold in Chinese properties.

As such, the PRC Subsidiaries could be subject to regulation by various political and regulatory entities, including various local and municipal agencies and government sub-divisions. The PRC Subsidiaries may incur increased costs necessary to comply with existing and newly adopted laws and regulations or penalties for any failure to comply. The PRC Subsidiaries’ operations could be adversely affected, directly or indirectly, by existing or future laws and regulations relating to their business or industry. Given that the Chinese government may intervene or influence the PRC Subsidiaries’ operations at any time, it could result in a material change in the PRC Subsidiaries’ operations and a material reduction in the value of our Class A Common Stock and warrants. Given recent statements by the Chinese government indicating an intent to exert more oversight and control over offerings that are conducted overseas, any such action could significantly limit or completely hinder FF’s ability to offer or continue to offer our shares of Class A Common Stock and warrants to investors and cause the value of such securities to significantly decline or be worthless.

Furthermore, it is uncertain when and whether FF will be required to obtain permission from the PRC government to maintain its listing on U.S. exchanges in the future, and even when such permission is obtained, whether it will be denied or rescinded. Although FF is currently not required to obtain permission from the PRC government and has not received any denial to list on the U.S. exchange, as the PRC laws and regulations are still evolving rapidly and their interpretation and implementation are subject to uncertainties, our operations could be adversely affected, directly or indirectly, by existing or future PRC laws and regulations relating to its business or industry.

The approval of, or filing or other administrative procedures with, the CSRC or other PRC governmental authorities may be required in connection with certain of FF’s financing activities, and, if required, it cannot predict if it will be able to obtain such approval or complete such filing or other administrative procedures.

The PRC governmental authorities recently have strengthened oversight over offerings that are conducted overseas and/or foreign investment in overseas-listed China-based issuers. Such actions taken by the PRC governmental authorities may intervene with our operations or financing activities, which are beyond our control. For instance, on July 6, 2021, the relevant PRC governmental authorities promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities, which emphasized the need to strengthen the administration over illegal securities activities, the need to strengthen the supervision over overseas listings by PRC-based companies and the need to revise the special provisions of the State Council on overseas issuance and listing of shares by those limited by shares companies. On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Trial Measures, and relevant five guidelines, which will become effective on March 31, 2023. According to the Overseas Listing Trial Measures, companies in mainland China that seek to offer securities or list in overseas markets, either directly or indirectly, are required to fulfill the filing procedure with the CSRC. The Overseas Listing Trial Measures provide that if the issuer meets both of the following criteria, the overseas securities offering or listing conducted by such issuer will be deemed as an indirect overseas offering or listing by PRC domestic companies: (i) more than 50% of any of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by companies in mainland China; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China. Initial public offerings or listings in overseas markets will be filed with the CSRC within three working days after the relevant application is submitted overseas, and subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities will be filed with the CSRC within three working days after the offering is completed.

In addition, the Overseas Listing Trial Measures provide that an overseas listing or offering by a PRC domestic company is explicitly prohibited under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security upon reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to conduct the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to conduct the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

As the Overseas Listing Trial Measures and the related guidelines are newly promulgated, there are uncertainties regarding their implementation and interpretation. We cannot predict the impact of these new rules on our future securities offerings or other forms of financing activities, if any, at this stage, or guarantee that we will be able to satisfy the scrutinized and new regulatory requirements in case they are applicable to us. In addition, we cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirement on us or otherwise tightening the regulations on PRC companies seeking overseas listing. If it is determined in the future that approval of, or filing or other administrative procedures with, the CSRC or other PRC governmental authorities are required for our future financing or listing activities, we cannot assure you we can obtain such approval or complete such filing or other required procedures in a timely manner. Any failure or delay in obtaining or completing such approval, filing or other required procedures, or a rescission of any such approval or filing or other procedures, would subject us to sanctions by the CSRC or other PRC governmental authorities. These PRC governmental authorities may impose fines and/or other penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from our offshore financing activities into China or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects. Any uncertainties or negative publicity arising from these events could also adversely affect our business, financial condition, results of operations, and prospects.

The Mergers and Acquisitions Rules and certain other PRC regulations establish certain procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for FF to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors adopted by six PRC regulatory agencies (the "M&A Rules") and related regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. For example, the M&A Rules require that MOFCOM be notified in advance of any change-of-control

transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have an impact on the national economic security, (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand, or (iv) or in circumstances where overseas companies are established or controlled by PRC enterprises or residents acquire affiliated domestic companies. Moreover, the PRC Anti-Monopoly Law requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the relevant anti-monopoly authority before they can be completed.

In addition, in 2011, the General Office of the State Council promulgated a Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which officially established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Also, the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors, issued by the MOFCOM and effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the Rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy, re-investment through multiple levels, leases, loans or control through contractual control arrangement or offshore transactions. Furthermore, NDRC and MOFCOM promulgated the Measures for the Security Review of Foreign Investments, effective January 18, 2021, which require foreign investors or relevant parties to file a prior report before making a foreign investment if such investment involves military related industry, national defense security or taking control of an enterprise in a key industry that concerns national security; and if a foreign investment will or may affect national security, the standing working office organized by NDRC and MOFCOM will conduct a security review to decide whether to approve such investment.

In the future, we may grow our business in China by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions, if required, could be time consuming, and any required approval processes, including obtaining approval or clearance from the MOFCOM or its local counterparts and other relevant PRC authorities, may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises “national defense and security” or “national security” concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share in China through future acquisitions would as such be materially and adversely affected.

FF may be adversely affected by the complexity, uncertainties and changes in PRC regulations on internet-related business, automotive businesses and other business carried out by the PRC Subsidiaries.

The Chinese government extensively regulates the internet and automotive industries and other business carried out by the PRC Subsidiaries, such laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations.

Several PRC regulatory authorities, such as the State Administration for Market Regulation, the NDRC, MOFCOM, and the MIIT of China, oversee different aspects of the electric vehicle business, and the PRC Subsidiaries will be required to obtain a wide range of government approvals, licenses, permits and registrations in connection with their operations in China. For example, according to the Administrative Rules on the Admission of New Energy Vehicle Manufacturers and Products, promulgated by the MIIT on January 6, 2017 and amended on July 24, 2020, the MIIT is responsible for the national-wide administration of new energy vehicles and their manufacturers. The manufacturers must apply to the MIIT for the entry approval to become a qualified manufacturer in China and must further apply to the MIIT for the entry approval for the new energy passenger vehicles before commencing the manufacturing and sale of the new energy passenger vehicles in China. Both of the new energy passenger vehicles and their manufacturers will be listed in the Announcement of the Vehicle Manufacturers and Products issued by the MIIT from time to time, if they have obtained the entry approval from the MIIT. According to the Management Measures for Automobile Sales promulgated by the MOFCOM in July 2017, corporate basic information filings must be made by automobile dealers through the information system for the national automobile circulation operated by the MOFCOM within 90 days after the receipt of a business license. Furthermore, the electric vehicle industry is relatively immature in China, and the government has not adopted a clear regulatory framework to regulate the industry.

There are substantial uncertainties regarding the interpretation and application of the existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to internet-related businesses as well as automotive businesses

and companies. There is no assurance that FF will be able to obtain all the permits or licenses related to its business in China, or will be able to maintain its existing licenses or obtain new ones. In the event that the PRC government considers that FF was or is operating without the proper approvals, licenses or permits, promulgates new laws and regulations that require additional approvals or licenses, or imposes additional restrictions on the operation of any part of FF's business, the PRC government has the power, among other things, to levy fines, confiscate FF's income, revoke its business licenses, and require FF to discontinue the relevant business or impose restrictions on the affected portion of its business. Any of these actions by the PRC government may have a material adverse effect on FF's business, prospects, financial condition and results of operations.

FF faces challenges from the evolving regulatory environment regarding cybersecurity, information security, privacy and data protection. Many of these laws and regulations are subject to change and uncertain interpretation, and any actual or alleged failure to comply with related laws and regulations regarding cybersecurity, information security, data privacy and protection could materially and adversely affect its business and results of operations.

In the regular course of our business, we obtain information about various aspects of our operations as well as regarding our employees and third parties. The integrity and protection of FF, employee and third-party data are critical to our business. Our employees and third parties expect that we will adequately protect their personal information. We are required by applicable laws to keep strictly confidential the personal information that we collect, and to take adequate security measures to safeguard such information.

PRC regulators, including the CAC, the MIIT, and the Ministry of Public Security, have been increasingly focused on regulation in data security and data protection. PRC regulatory requirements regarding cybersecurity are evolving. For instance, various regulatory bodies in China have enforced data privacy and protection laws and regulations with varying and evolving standards and interpretations.

On November 7, 2016, the Standing Committee of the PRC National People's Congress issued the Cyber Security Law of the PRC (the "Cyber Security Law"), which became effective on June 1, 2017.

Pursuant to the Cyber Security Law, network operators must not, without users' consent, collect and disclose their personal information, and may only collect users' personal information necessary to provide their services. Providers are also obliged to provide security maintenance for their products and services and must comply with provisions regarding the protection of personal information as stipulated under the relevant laws and regulations.

The PRC Criminal Law, as most recently amended in 2020, prohibits institutions, companies and their employees from selling or otherwise illegally disclosing a citizen's personal information obtained in performing duties or providing services or obtaining such information through theft or other illegal ways. The Civil Code of the PRC provides legal basis for privacy and personal information infringement claims under the Chinese civil laws.

On June 10, 2021, the Standing Committee of the National People's Congress of China (the "SCNPC"), promulgated the PRC Data Security Law, which took effect on September 1, 2021. The PRC Data Security Law imposes data security and privacy obligations on entities and individuals carrying out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, illegally acquired or used. The PRC Data Security Law also provides for a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data and information.

On August 16, 2021, the CAC and certain other PRC regulatory authorities promulgated the Several Provisions on the Management of Automobile Data Security (Trial Implementation), which came into effect on October 1, 2021 and clearly stipulates that:(i) to carry out personal information processing activities, automobile data processors must notify individuals of relevant information in a prominent manner, obtain personal consent or comply with laws and administrative regulations in other circumstances; (ii) for the processing of sensitive personal information, the automobile data processor must obtain separate consent from individuals, and meet specific requirements; and (iii) automobile data processors must collect biometric information only with sufficient necessity and for the purpose to enhance driving safety. In addition, these provisions also define the term of "important data" thereunder and establish corresponding protection and regulation mechanisms on the important data.

On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law, which took effect on November 1, 2021. This legislation marks China's first comprehensive legal attempt to define personal information and

regulate the storing, transferring, and processing of personal information. It restricts the cross-border transfer of personal information and has major implications for companies that rely on data for their operations in China.

In December 2021, the CAC and 12 other related authorities promulgated the Cybersecurity Review Measures, which became effective on February 15, 2022. The Cybersecurity Review Measures stipulates that:

- the CSRC is included as one of the regulatory authorities for purposes of jointly establishing the state cybersecurity review working mechanism;
- the purchase of network products and services by a “critical information infrastructure operator” and the data processing activities of a “network platform operator” that affect or may affect national security will be subject to the cybersecurity review;
- if a network platform operator who possesses personal information of more than one million users intends to go public in a foreign country, it must apply for a cybersecurity review with the CAC; and
- the relevant PRC governmental authorities may initiate cybersecurity review if they determine certain network products, services, or data processing activities affect or may affect national security.

Furthermore, on November 14, 2021, the CAC published a discussion draft of Regulations on the Administration of Cyber Data Security for public comment, which provides that data processors conducting the following activities must apply for cybersecurity review: (i) merger, reorganization or division of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affects or may affect national security; (ii) listing abroad of data processors processing over one million users’ personal information; (iii) listing in Hong Kong which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. The draft also provides that operators of large internet platforms that set up headquarters, operation centers or R&D centers overseas will report to the national cyberspace administration and competent authorities. In addition, the draft also requires that data processors processing important data or going public overseas will conduct an annual data security self-assessment or entrust a data security service institution to do so, and submit the data security assessment report of the previous year to the local branch of the Cyberspace Administration of China before January 31 each year. As of the date of this Form 10-K, the above mentioned drafts have not been formally adopted, and substantial uncertainties exist with respect to their enactment timetable, final content, interpretation and implementation. On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-border Data Transmission, which took effect on September 1, 2022. These measures require the data processor providing data overseas and falling under any of the following circumstances apply for the security assessment of cross-border data transmission by the national cybersecurity authority through its local counterpart: (i) the data processor provides important data overseas; (ii) critical information infrastructure operators and data processors processing personal information of more than one million individuals provide personal information overseas; (iii) data processors which have provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals overseas since January 1 of the previous year provides personal information overseas; and (iv) other situations required to declare security assessment of cross-border data transmission as stipulated by the national cybersecurity authority.

The PRC Subsidiaries may become subject to enhanced cybersecurity review. Certain internet platforms in China have been reportedly subject to heightened regulatory scrutiny in relation to cybersecurity matters. If the PRC Subsidiaries are deemed to be a critical information infrastructure operator or a network platform operator that is engaged in data processing that affect or may affect national security, they could be subject to PRC cybersecurity review. As of the date of this Form 10-K, we have not received any notice from any PRC governmental authority identifying any of the PRC Subsidiaries as a “critical information infrastructure operator” or “network platform operator” that is engaged in data processing which affects or may affect national security as mentioned above, or requiring us to go through the cybersecurity review or initiating a cybersecurity review against us in such respects.

As advised by the PRC counsel, the above mentioned laws, regulations or the relevant drafts are relatively new and the PRC laws and regulations relating to cybersecurity, information security, data privacy and protection are evolving rapidly, there remains significant uncertainty in the enactment, interpretation and enforcement of such PRC laws, regulations or the relevant drafts, and the PRC Subsidiaries could become subject to enhanced cybersecurity review or non-compliance investigations launched by PRC regulators in the future. Any failure or delay in the completion of the cybersecurity review procedures or any other non-compliance investigations in accordance with the related laws and regulations may result in fines or other penalties, including suspension of business, website closure, and revocation of prerequisite licenses, as well as reputational damage or legal proceedings or actions to the PRC Subsidiaries, which may have material adverse effects on our business, financial condition or results of operations. As of the date of this Form 10-K, the PRC Subsidiaries have not been involved in any

investigations on cybersecurity review initiated by the CAC or related governmental regulatory authorities, and they have not received any inquiry, notice, warning, or sanction in such respect. However, as uncertainties remain regarding the interpretation and implementation of these laws and regulations, we cannot assure you that the PRC Subsidiaries will comply with such regulations in all respects and they may be ordered to rectify or terminate any actions that are deemed illegal by regulatory authorities.

In the event that the independent registered public accounting firm operating in China that FF uses as an auditor for its operations in China is not permitted to be subject to inspection by PCAOB, then investors may be deprived of the benefits of such inspection.

Under the Holding Foreign Companies Accountable Act (the “HFCA”), if the SEC determines that a company has filed audit reports by a registered public accounting firm that has not been subject to inspection by the PCAOB for two consecutive years, the SEC shall prohibit such ordinary shares from being traded on a national securities exchange or in the over-the-counter trading market in the U.S. The PCAOB provides a framework to use when determining, as contemplated under the HFCA, whether the PCAOB is unable to inspect or investigate completely registered public accounting firms located in a foreign jurisdiction because of a position taken by one or more authorities in that jurisdiction. Additionally, the SEC has disclosure requirements that apply to registrants that the SEC identifies as having filed an Annual Report with an audit report issued by a registered public accounting firm that is located in a foreign jurisdiction and that the PCAOB is unable to inspect or investigate completely because of a position taken by an authority in foreign jurisdictions.

Our current auditor, the independent registered public accounting firm that issued the audit report included this Form 10-K, is registered with the PCAOB, and is subject to laws in the U.S. pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Accordingly, we have not been identified as a “Commission-Identified Issuer” by the PCAOB under the current framework of the HFCA. However, prior to 2022, the auditors of the PRC Subsidiaries were not subject to inspection by the PCAOB and any future determination by the PCAOB that the PRC Subsidiaries’ auditors are not subject to inspection could materially adversely affect FF.

Our ability to retain an auditor subject to PCAOB inspection and investigation may depend on the relevant positions of U.S. and Chinese regulators. If the PCAOB is unable to inspect or investigate completely FF’s auditor in China because of a position taken by the Chinese authorities, then such lack of inspection could cause trading in FF’s securities to be prohibited under the HFCA, and ultimately result in a determination by the SEC to delist FF’s securities. Such a prohibition would substantially impair an investor’s ability to sell or purchase the Common Stock and negatively impact the price of the Common Stock. Accordingly, the HFCA calls for additional and more stringent criteria to be applied to emerging market companies upon assessing the qualification of their auditors, especially non-U.S. auditors. In addition, PCAOB inspections help improve future audit quality and effectiveness. Without the benefit of PCAOB inspections, existing or potential investors could lose confidence in our reported financial information and the quality of our financial statements with respect to the PRC Subsidiaries.

U.S. regulatory bodies may be limited in their ability to conduct investigations or inspections of FF’s operations in China.

The SEC, the DOJ and other U.S. authorities may also have difficulties in bringing and enforcing actions against the PRC Subsidiaries or the directors or executive officers of the PRC Subsidiaries. The SEC has stated that there are significant legal and other obstacles to obtaining information needed for investigations or litigation in China. China has adopted a revised securities law that became effective on March 1, 2020, Article 177 of which provides, among other things, that no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Furthermore, on February 24, 2023, the CSRC and several other Chinese authorities promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies, which provide that where an overseas securities regulator and a competent overseas authority requests to inspect, investigate or collect evidence from a PRC domestic company concerning overseas offering and listing, or to inspect, investigate, or collect evidence from the PRC domestic securities companies and securities service providers that undertake relevant businesses for such PRC domestic companies, such inspection, investigation and evidence collection will be conducted under a cross-border regulatory cooperation mechanism, and the CSRC or other competent Chinese authorities will provide necessary assistance pursuant to bilateral and multilateral cooperation mechanisms. PRC domestic companies, securities companies and securities service providers must first obtain approval from the CSRC or other competent Chinese authorities before cooperating with the inspection and investigation by the overseas securities regulator or competent overseas authority, or providing documents and materials requested in such inspection and investigation. Accordingly, without governmental approval in China, no entity or individual in China may provide documents and information relating to securities business activities to overseas regulators when it is under direct investigation or evidence discovery conducted by overseas regulators, which could

present significant legal and other obstacles to obtaining information needed for investigations and litigation conducted outside of China.

There may be difficulties in effecting service of legal process, conducting investigations, collecting evidence, enforcing foreign judgments or bringing original actions in China based on United States or other foreign laws against FF and its management.

We currently have operations, and plan to have significant operations and assets in the future, in China. Moreover, one of our current directors is a national and resident of the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside of China with regard to such persons or assets relating to our operations in China, including actions arising under applicable U.S. federal and state securities laws. In addition, there are legal and other obstacles in China to providing information needed for regulatory investigations or litigation initiated by regulators outside China. Overseas regulators may have difficulties in conducting investigations or collecting evidence within China. It may also be difficult for investors to bring a lawsuit against us or our directors or executive officers based on U.S. federal securities laws in a Chinese court. Moreover, China does not have treaties with the United States providing for the reciprocal recognition and enforcement of judgments of courts. Therefore, even if a judgment were obtained against us or our management for matters arising under U.S. federal or state securities laws or other applicable U.S. federal or state law, it may be difficult to enforce such a judgment with respect to our operations or assets in China.

A significant portion of FF's financing in the near future is expected to come from investors in China, and such investment is subject to delay due to due diligence review, including know your customer, anti-money laundering and other review.

We conduct due diligence, including know your customer, anti-money laundering and other review, on all potential financing sources. This process has been time consuming, particularly in connection with review of investors in China, and may result in our not being able to consummate any financing from these or other financing sources on a timely basis or at all. 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. For more information, see “*Risk Factors – Risks Related to FF's Business and Industry – FF does not have sufficient liquidity to pay its outstanding obligations and to operate its business and it will likely file for bankruptcy protection if it is unable to access additional capital.*”

Risks Related to the Restatement

FF has identified material weaknesses in its internal control over financial reporting. FF's inability to remediate these material weaknesses, or identification of additional material weaknesses in the future or other failure to maintain effective internal control over financial reporting, has resulted, and could further result, in material misstatements in FF's consolidated financial statements and FF's ability to accurately or timely report its financial condition or results of operations, which may adversely affect FF's business and share price.

FF's management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). A material weakness is defined as a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a result of these material weaknesses, FF's management concluded that its internal control over financial reporting was not effective as of December 31, 2022 or December 31, 2023. FF has engaged in remediation efforts designed to address these material weaknesses. As FF continues to evaluate and work to improve its internal control over financial reporting, FF may determine that additional measures or modifications to the remediation plan are necessary. FF is working to remediate the material weaknesses, but full remediation could go beyond December 31, 2024. At this time, we cannot predict the total costs expected to be incurred; however, the remediation measures have been and will continue to be time consuming, costly, and a significant demand on our financial and operational resources.

While FF believes these efforts will remediate the material weaknesses, it 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 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, judgments and assumptions, human

error and the risk of fraud. The material weaknesses, or a failure to promptly remediate them, may adversely affect our business, our reputation, our results of operations and the market price of our Class A Common Stock. If FF is unable to remediate the material weaknesses in a timely manner, our investors, customers and other business partners may lose confidence in our business or our financial reports, and our access to capital markets may be adversely affected.

In addition, our ability to record, process, and report financial information accurately, and to prepare financial statements within the time periods specified by the rules and regulations of the SEC and other regulatory authorities, could be adversely affected, which may result in violations of applicable securities laws, stock exchange listing requirements and the covenants under our debt and equity agreements. Any such delays or deficiencies could penalize us, including by limiting our ability to obtain financing, either in the public capital markets or from private sources and hurt our reputation and could thereby impede our ability to implement our growth strategy. We could also be exposed to lawsuits, investigations, or other legal actions.

The control deficiencies resulting in the material weaknesses, in the aggregate, has resulted, and may in the future result, in misstatements of accounts or disclosures that would result in a material misstatement of the annual or interim consolidated financial statements. For example, in July 2023, FF identified errors in its Annual Report on Form 10-K for the year ended December 31, 2022 and Quarterly Report on Form 10-Q for the periods ended March 31, 2023 and September 30, 2022, determined these financial statements should no longer be relied upon, and subsequently restated them.

In addition, we cannot be certain that we will not identify additional control deficiencies or material weaknesses in the future. If we identify future control deficiencies or material weaknesses, these may lead to adverse effects on our business, our reputation, our results of operations, and the market price of our Class A Common Stock. Further, if our remedial measures are insufficient to address the material weaknesses, or if additional material weaknesses or significant deficiencies in our internal control are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate additional financial results.

Further, FF has recently experienced substantial turnover in key management personnel, including legal, compliance, human resources and finance personnel, as well as substantial changes to the composition of the Board, and further changes may occur in the future. As a result of these Board and management changes, there can be no guarantee that FF's board of directors (the "Board") as composed in the future will agree with decisions made by the Board regarding the material weakness and the necessary remedial measures, that they will not identify other areas that require remediation or that they will continue to pursue the remediation measures. Any turnover of personnel, particularly accounting, finance and legal personnel, may also negatively impact FF's internal controls over financial reporting and other disclosures and our ability to prepare and make timely and accurate public disclosures.

FF faces risks related to the restatement of its previously issued consolidated financial statements.

We reached a determination to restate certain financial information and related footnote disclosures in our previously issued consolidated financial statements for 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. As a result, we face a number of additional risks and uncertainties, which may affect investor confidence in the accuracy of our financial disclosures and may raise reputational issues for our business. We expect to continue to face many of the risks and challenges related to the restatement, including the following:

- we may face potential for litigation or other disputes, which may include, among others. Claims invoking the federal and state securities laws, contractual claims or other claims arising from the restatement, and
- the processes undertaken to effect the restatement may not have been adequate to identify and correct all errors in our historical financial statements and, as a result, we may discover additional errors and our financial statements remain subject to the risk of future restatement.

We cannot assure that all of the risks and challenges described above will be eliminated or that general reputational harm will not persist. If one or more of the foregoing risks or challenges persist, our business, operations and financial condition are likely to be materially and adversely affected.

Risks Related to FF's Common Stock

FF is not able to continue to utilize its “at-the-market” equity program.

FF's operations have consumed substantial amounts of cash since its inception. Historically, FF has primarily financed its operations through the sale of its Common Stock, warrants and convertible notes. For example, on June 16, 2023, FF filed the Registration Statement which was declared effective by the SEC on June 28, 2023. On September 26, 2023, FF also entered into a sales agreement with Stifel, Nicolaus & Company, Incorporated, B. Riley Securities, Inc., A.G.P./Alliance Global Partners, Wedbush Securities Inc. and Maxim Group LLC, as sales agents, to sell shares of Class A Common Stock, from time to time, with aggregate gross sales proceeds of up to \$90.0 million pursuant to the Registration Statement as an ATM Program. The ATM Program was the primary source of liquidity for FF from September to December 2023.

Under applicable SEC rules and regulations, because FF failed to timely file this Form 10-K, it is not eligible to access the ATM Program.

Although alternative public and private transaction structures may be available, these may require additional time and cost, may impose operational restrictions on FF, and may not be available on attractive terms. FF's inability to continue to raise capital when needed will harm its business, financial condition and results of operations, and will likely cause FF's stock value to decline and FF will likely have to file for bankruptcy protection and its assets will likely be liquidated. FF's equity holders would likely not receive any recovery at all in a bankruptcy scenario.

FF is not currently in compliance with the continued listing requirements for Nasdaq and may be delisted, which could affect the market price and liquidity for the FF's Common Stock and reduce the FF's ability to raise additional capital.

On December 28, 2023, FF received a letter from the Listing Qualifications Staff of Nasdaq noting that FF was not in compliance with the requirement to maintain a minimum bid price of \$1.00 per share for 30 consecutive trading days for continued listing on Nasdaq, as set forth in Nasdaq Listing Rule 5550(a)(2) (the “Minimum Bid Price Requirement”). Beginning on November 9, 2023, FF's closing bid price of the Class A Common Stock has been below \$1.00 per share.

Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), FF was initially provided 180 calendar days from receipt of the notice from Nasdaq to regain compliance with the Minimum Bid Price Requirement.

On April 18, 2024, Nasdaq notified FF that since it had not yet filed this Form 10-K, it no longer complied with Listing Rule 5250(c)(1). Pursuant to Listing Rule 5810(c)(2)(A), this deficiency was an additional basis for delisting.

On April 24, 2024, FF received a letter from Nasdaq indicating that FF was not in compliance with Nasdaq Listing Rule 5810(c)(3)(A)(iii), as FF's Class A Common Stock had a closing bid price of \$0.10 or less for ten consecutive trading days (the “Low Priced Stocks Rule”). The letter indicated that, as a result, the Nasdaq staff had determined to delist FF's securities from The Nasdaq Capital Market (the “Delisting Determination”).

On May 1, 2024, FF requested a hearing to appeal the Delisting Determination, which stayed the suspension of FF's securities for 15 days. FF also requested an extended stay of the suspension pending such hearing with Nasdaq's Hearings Panel (the “Panel”), which Nasdaq granted on May 28, 2024.

The Panel may not grant FF's request for continued listing of the Class A Common Stock on The Nasdaq Capital Market pending FF's compliance with all applicable listing criteria, including the Minimum Bid Price Requirement, or FF may be unable to timely satisfy the terms of any extension that may be granted by the Panel.

FF will continue to monitor the closing bid price of its Class A Common Stock and seek to regain compliance with all applicable Nasdaq requirements within the allotted compliance periods and may, if appropriate, consider available options, including implementation of a reverse stock split, to regain compliance with the Minimum Bid Price Requirement.

If Nasdaq delists FF's shares from trading on its exchange for failure to meet the applicable listing standards, we and our stockholders could face significant material adverse consequences including:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;

- a determination that our Common Stock is a “penny stock” which will require brokers trading in our Common Stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for shares of our Common Stock;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

If FF seeks to implement a reverse stock split in order to remain listed on Nasdaq, the announcement or implementation of such a reverse stock split could negatively affect the price of its Common Stock.

While Nasdaq rules do not impose a specific limit on the number of times a listed company may effect a reverse stock split to maintain or regain compliance with the Minimum Bid Price Requirement, Nasdaq has stated that a series of reverse stock splits may undermine investor confidence in securities listed on Nasdaq. Accordingly, Nasdaq may determine that it is not in the public interest to maintain FF’s listing, even if we regain compliance with the Minimum Bid Price Requirement.

In addition, Nasdaq Listing Rule 5810(c)(3)(A)(iv) states that if a listed company that fails to meet the Minimum Bid Price Requirement after effecting one or more reverse stock splits over the prior two-year period with a cumulative ratio of 250 shares or more to one, then FF is not eligible for a Compliance Period. FF effected a 1-for-80 reverse stock split of its Common Stock on August 25, 2023, and an additional 1-for-3 reverse stock split of its Common Stock on February 29, 2024, for a cumulative ratio of 240 shares to one. FF anticipates seeking stockholder approval for another reverse stock split. Any subsequent reverse stock split would cause FF to exceed the 1-for-250 ratio.

FF may fail to regain compliance with the Minimum Bid Price requirement during the Compliance Period or maintain compliance with the other Nasdaq listing requirements. In particular, the rights granted to FF Global Partners LLC (“FF Global”) under the Amended Shareholder Agreement or other similar rights granted to other investors may cause FF to fall out of compliance with certain of Nasdaq’s Listing Rules, including Nasdaq Rule 5640, which disallows the voting rights of existing stockholders to be disparately reduced through any corporate action or issuance. Any non-compliance may be costly, divert management’s time and attention, and could have a material adverse effect on FF’s business, reputation, financing, and results of operation. A delisting could substantially decrease trading in the Class A Common Stock, adversely affect the market liquidity of the Common Stock as a result of the loss of market efficiencies associated with Nasdaq and the loss of federal preemption of state securities laws, materially adversely affect its ability to obtain financing on acceptable terms, if at all, and may result in the potential loss of confidence by investors, suppliers, customers and employees and fewer business development opportunities. Additionally, the market price of the Class A Common Stock may decline further and stockholders may lose some or all of their investment.

FF does not currently intend to pay dividends on the Class A Common Stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of the Class A Common Stock.

FF has no direct operations and no significant assets other than the ownership of the stock of its subsidiaries. As a result, FF will depend on its subsidiaries for distributions, loans and other payments to generate the funds necessary to meet our financial obligations, including our expenses as a publicly traded company, and to pay any dividends with respect to our Class A Common Stock. Applicable state law and contractual restrictions, including in agreements governing the current or future indebtedness of FF, as well as the financial condition and operating requirements of FF and limitations on the ability of the PRC Subsidiaries’ ability to pay dividends or make payment to us, may limit our ability to obtain cash from FF subsidiaries. Thus, we do not expect to pay cash dividends on our Class A Common Stock. Any future dividend payments are within the absolute discretion of our Board and will depend on, among other things, our results of operations, working capital requirements, capital expenditure requirements, financial condition, level of indebtedness, contractual restrictions with respect to payment of dividends, business opportunities, anticipated cash needs, provisions of applicable law and other factors that our Board may deem relevant.

FF may be required to take write-downs or write-offs, or FF may be subject to restructuring, impairment or other charges that could have a significant negative effect on FF’s business, prospects, financial condition, results of operations and the trading price of FF’s securities, which could cause you to lose some or all of your investment.

Factors outside of FF’s control may, at any time, arise. As a result of these factors, FF may be forced to later write-down or write-off assets, restructure its operations, or incur impairment or other charges that could result in FF reporting losses. Even though these charges may be non-cash items and therefore not have an immediate impact on FF’s liquidity, the fact that FF

reports charges of this nature could contribute to negative market perceptions about FF or its securities. In addition, charges of this nature may cause FF to be unable to obtain future financing on favorable terms or at all.

The price of the Class A Common Stock has been and may continue to be highly volatile, and you could lose all or part of your investment.

The trading price of the Class A Common Stock has been and may continue to be highly volatile and could be attributable, among others, to factors beyond our control, including limited trading volume. For example, our stock traded within a range of a high price of \$117.36 and a low price of \$0.038 per share for the period from April 1, 2023, through May 15, 2024.

Any of the factors listed below could have a material adverse effect on the market price of the Class A Common Stock and as a result your investment in FF's securities, and FF's securities may trade at prices significantly below the price paid by you. In such circumstances, the trading price of FF's securities may not recover and may experience a further decline. Factors affecting the trading price of FF's securities may include:

- FF's failure to raise sufficient financing;
- actual or anticipated fluctuations in FF's financial results or the financial results of companies perceived to be similar to it;
- changes in the market's expectations about FF's operating results;
- success of competitors;
- FF's ability to meet its three-phase delivery plan;
- FF's operating results failing to meet the expectation of securities analysts or investors in a particular period;
- FF's ability to attract and retain senior management or key operating personnel, and the addition or departure of key personnel;
- changes in financial estimates and recommendations by securities analysts concerning FF or the transportation industry in general;
- operating and share price performance of other companies that investors deem comparable to FF;
- FF's ability to market new and enhanced products and technologies on a timely basis;
- changes in laws and regulations affecting FF's business;
- FF's ability to meet compliance requirements;
- commencement of, or involvement in, threatened or actual litigation and government investigations;
- changes in FF's capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of FF's Common Stock available for public sale;
- any change in FF's Board or management;
- actions taken by FF's directors, executive officers or significant stockholders such as sales of FF's Common Stock, or the perception that such actions could occur;
- ongoing and potential litigation involving FF, including the SEC investigation;
- the implementation of the Special Committee's recommendations and FF's related remedial actions; and
- general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations and acts of war or terrorism.

Broad market and industry factors may materially harm the market price of FF's securities irrespective of FF's operating performance. The stock markets in general have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of FF's securities, may not be predictable. A loss of investor confidence in the market for electric vehicle manufacturers' stocks or the stocks of other companies which investors perceive to be similar to FF could depress FF's share

price regardless of FF's business, prospects, financial conditions or results of operations. A decline in the market price of FF's securities also could adversely affect FF's ability to issue additional securities and FF's ability to obtain additional financing in the future.

FF's ability to use net operating loss carryforwards and other tax attributes may be limited in connection with the Business Combination or other ownership changes.

Legacy FF has net operating loss carryforwards for U.S. federal and state, as well as non-U.S., income tax purposes that are potentially available to offset future taxable income, subject to certain limitations (including the limitations described below). If not utilized, U.S. federal net operating loss carryforward amounts generated prior to January 1, 2018 will begin to expire 20 years after the tax year in which such losses originated. Non-U.S. and state net operating loss carryforward amounts may also be subject to expiration. Realization of these net operating loss carryforwards depends on the future taxable income of FF, and there is a risk that the existing carryforwards of FF could expire unused and be unavailable to offset future income tax liabilities, which could materially and adversely affect FF's operating results.

Under Section 382 of the Code, if a corporation undergoes an "ownership change" (generally defined as a greater than 50% change (by value) in the ownership of its equity by certain stockholders over a three-year period), the corporation's ability to use its pre-change net operating loss carryforwards and certain other pre-change tax attributes to offset its post-change income may be limited. The applicable rules generally operate by focusing on changes in ownership among stockholders considered by the rules as owning, directly or indirectly, 5% or more of the stock of a company, as well as changes in ownership arising from new issuances of stock by FF. Legacy FF may have experienced ownership changes in the past and FF may have experienced an ownership change as a result of the Business Combination. FF may also experience ownership changes in the future as a result of changes in the ownership of its stock, which may be outside our control. Accordingly, FF's ability to utilize its net operating loss carryforwards could be limited by such ownership changes, which could result in increased tax liability to FF, potentially decreasing the value of its stock.

There are additional limitations found under Sections 269, 383, and 384 of the Code that may also limit the use of net operating loss carryforwards that may apply and result in increased tax liability to FF, potentially decreasing the value of the Common Stock. In addition, a Separate Return Limitation Year ("SRLY"), generally encompasses all separate return years of a U.S. federal consolidated group member (or predecessor in a Section 381 or other transaction), including tax years in which it joins a consolidated return of another group. According to Treasury Regulation Section 1.1502-21, net operating losses of a member that arise in a SRLY may be applied against consolidated taxable income only to the extent of the loss member's cumulative contribution to the consolidated taxable income. As a result, this SRLY limitation may also increase FF's tax liability (by reducing the carryforward of certain net operating losses that otherwise might be used to offset the amount of taxable gain), potentially decreasing the value of the Common Stock.

FF's tax obligations and related filings have become significantly more complex and subject to greater risk of audit or examination by taxing authorities, and outcomes resulting from such audits or examinations could adversely impact our business, prospects, financial condition and results of operations, including our after-tax profitability and financial results.

FF's operations are subject to significant income, withholding and other tax obligations in the United States and may become subject to taxes in numerous additional state, local and non-U.S. jurisdictions with respect to our income, operations and subsidiaries related to those jurisdictions. In addition, FF now has international supplier and customer relationships and may expand operations to multiple jurisdictions, including jurisdictions in which the tax laws, their interpretation or their administration may not be favorable. Additionally, future changes in tax law or regulations in any jurisdiction in which FF operates or will operate could result in changes to the taxation of FF's income and operations, which could cause our after-tax profitability to be lower than anticipated.

FF's potential future after-tax profitability could be subject to volatility or affected by numerous factors, including (a) the availability of tax deductions, credits, exemptions, refunds (including refunds of value added taxes) and other benefits to reduce FF's tax liabilities, (b) changes in the valuation of FF's deferred tax assets and liabilities, (c) expected timing and amount of the release of any tax valuation allowances, (d) tax treatment of stock-based compensation, (e) changes in the relative amount of our earnings subject to tax in the various jurisdictions in which FF operates or has subsidiaries, (f) the potential expansion of FF's business into or otherwise becoming subject to tax in additional jurisdictions, (g) changes to FF's existing intercompany structure (and any costs related thereto) and business operations, (h) the extent of FF's intercompany transactions and the extent to which taxing authorities in the relevant jurisdictions respect those intercompany transactions and (i) FF's ability to structure its operations in an efficient and competitive manner. Due to the complexity of multinational tax obligations and filings, FF may have a heightened risk related to audits or examinations by U.S. federal, state, local and non-U.S. taxing authorities.

Outcomes from these audits or examinations could have an adverse effect on our business, prospects, financial condition and results of operations, including our after-tax profitability and financial condition.

FF's potential future after-tax profitability may also be adversely impacted by changes in the relevant tax laws and tax rates, treaties, regulations, administrative practices and principles, judicial decisions and interpretations thereof, in each case, possibly with retroactive effect. Additionally, the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS recently entered into force among the jurisdictions that have ratified it, although the United States has not yet entered into this convention. These recent changes could negatively impact FF's taxation, especially if FF expands its relationships and operations internationally.

FF's failure to timely and effectively implement controls and procedures required by Section 404(a) of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") could have a material adverse effect on its business.

The standards required for a public company under Section 404(a) of the Sarbanes-Oxley Act are significantly more stringent than those required of Legacy FF as a privately-held company. Management may not be able to effectively and timely implement controls and procedures that adequately respond to the increased regulatory compliance and reporting requirements that are now applicable after the consummation of the Business Combination. As described in "Risk Factors – Risks Related to the Restatement – FF has identified material weaknesses in its internal control over financial reporting. If FF is unable to remediate these material weaknesses, or if it identifies additional material weaknesses in the future or otherwise fails to maintain effective internal control over financial reporting, could result in material misstatements in FF's consolidated financial statements and FF's inability to accurately or timely report its financial condition or results of operations, which may adversely affect FF's business and share price." management has identified material weaknesses in the Company's internal control over financial reporting. If FF does not remediate such material weaknesses, or if other material weaknesses are identified, or if FF is not able to implement the additional requirements of Section 404(a) in a timely manner or with adequate compliance, it may not be able to assess whether its internal controls over financial reporting are effective, which may subject it to adverse regulatory consequences and could harm investor confidence and the market price of its securities.

FF may issue additional shares of Common Stock or preferred shares, which would dilute the interest of FF stockholders.

FF has and may, in the future, issue a substantial number of additional shares of Common Stock or preferred stock. The issuance of additional shares of Common Stock or preferred stock:

- may significantly dilute the equity interest of investors;
- may subordinate the rights of holders of Common Stock if preferred stock is issued with rights senior to those afforded our Common Stock;
- could cause a change of control if a substantial number of shares of our Common Stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and could result in the resignation or removal of our present officers and directors; and
- may adversely affect prevailing market prices for our Common Stock.

Sales of a substantial number of shares of our Class A Common Stock in the public market, including the resale of the shares of Common Stock held by FF stockholders pursuant to Rule 144, could occur at any time. These sales, or the perception in the market that the holders of a large number of shares of Common Stock intend to sell shares, could reduce the market price of the Class A Common Stock.

In addition, as of December 31, 2023, the Class A Common Stock was also subject to potential dilution from: (i) conversion of notes and exercise of warrants for which 3,136,051 shares have been registered; (ii) conversion of notes which have satisfied the holding period subject to Rule 144 eligibility; (iii) the exercise of up to 98,551 warrants; (iv) the exercise of up to 134,986 stock options; (v) the vesting of 115,327 unvested RSUs; (vi) the issuance of up to 104,167 earnout shares pursuant to the triggering events in the merger agreement; (vii) the issuance of up to 96,334 remaining registered shares of Class A Common Stock that FF may elect, in its sole discretion, to issue and sell to YA II PN Ltd. ("Yorkville") pursuant to the SEPA (as defined in Note 2, *Liquidity and Capital Resources and Going Concern*, to the Notes to Consolidated Financial Statements) (FF currently does not have enough authorized and uncommitted shares to access the SEPA); and (viii) issuance of shares in connection with the ATM Program. Additionally, the Class A Common Stock is subject to potential dilution upon the full conversion and exercise of the SPA Notes, Unsecured SPA Notes and SPA Warrants. The Class A Common Stock is also

subject to potential dilution due to issuance of Common Stock in connection with future equity and/or convertible debt financings. Sales of substantial numbers of such shares in the public market, including the resale of the shares of Common Stock held by FF stockholders, could adversely affect the market price of the Class A Common Stock, the impact of which is increased as the value of our stock price increases.

The issuance of additional shares of Common Stock, including upon full conversion of the principal amount of all outstanding SPA Notes, Unsecured SPA Notes and the Streeterville Note and exercise of all outstanding SPA Warrants and the Streeterville Warrant, and/or the implementation of the full ratchet anti-dilution price protection in the SPA Notes and SPA Warrants and the issuance of shares pursuant to the SEPA would substantially dilute the ownership interest of existing stockholders.

The shares of Class A Common Stock issuable upon full conversion and exercise of the SPA Notes and the SPA Warrants issued and issuable under the SPA, as amended, upon full conversion of the Unsecured SPA Notes, and upon full conversion and exercise of the Streeterville Note and the Streeterville Warrant will result in significant additional dilution to the existing stockholders of FF. At a special meeting of FF stockholders held on November 3, 2022, FF stockholders approved (among other proposals) a proposal to approve, as is required by the applicable Nasdaq rules and regulations, transactions involving notes and warrants issued to ATW Partners LLC (“ATW”), RAAJJ Trading LLC (“RAAJJ”), Senyun and/or their affiliates as committed under the SPA, the Joinder and the Third Amendment, including the issuance of any shares in excess of 19.99% of the issued and outstanding shares of the Common Stock upon conversion of the SPA Notes and exercise of the SPA Warrants. At a special meeting of FF stockholders held on March 30, 2023, FF stockholders approved (among other proposals) a proposal to approve, as is required by the applicable Nasdaq rules and regulations, additional transactions involving notes and warrants issued to ATW Partners LLC, RAAJJ, Senyun, Acuitas Group Holdings LLC and/or their affiliates as committed under the Sixth Amendment to the SPA (as defined in Note 7, *Notes Payable* to the Notes to Consolidated Financial Statements). At a special meeting of FF stockholders held on August 16, 2023, FF stockholders approved (among other proposals), as is required by the applicable Nasdaq rules and regulations, additional transactions involving notes and warrants issued to MHL, V W Investment and Senyun under the Unsecured SPA, as amended. At a special meeting of FF stockholders held on February 5, 2024, FF stockholders approved (among other proposals), as is required by the applicable Nasdaq rules and regulations, additional transactions involving notes and warrants issued to Streeterville Capital, LLC (“Streeterville”) under the Unsecured Streeterville SPA. To the extent the SPA Notes, the Unsecured SPA Notes and the Streeterville Note are converted and the SPA Warrants and the Streeterville Warrant are exercised, such conversions and exercises would have a significant dilutive effect on the ownership interest of existing stockholders of FF. Additionally, any issuance of shares of Class A Common Stock under the SEPA that is below the exercise price of the warrants issued and issuable under the SPA or the conversion price of the notes issued and issuable under the SPA will decrease such exercise or conversion price, as applicable, as described in more detail in such warrants and notes.

FF has granted preferential director nomination rights to certain investors which may cause FF to fall out of compliance with Nasdaq listing rules.

FF has been raising additional capital via debt or equity financings and expects to continue doing so in order to continue its operations. See “*Risk Factors – Risks Related to FF’s Business and Industry* – FF does not have sufficient liquidity to pay its outstanding obligations and to operate its business and it will likely file for bankruptcy protection if it is unable to access *additional capital*.” As discussed above, the sale of additional equity or convertible debt securities could result in further dilution of the equity interests of our existing stockholders. Additionally, FF has entered into arrangements with certain of stockholders that give them additional representation on the Board. Pursuant to the Amended Shareholder Agreement, FF Top has the right to nominate for election to the Board four designees until the first date on which FF Top has ceased to beneficially own at least 88,890 shares of Common Stock for at least 365 consecutive days, with such amount subject to adjustment in connection with any stock split, reverse stock split or other similar corporate action after the date of the Amended Shareholder Agreement. Following the termination of FF Top’s right to nominate four designees, FF Top will continue to have the right to nominate a number of designees not less than the number equal to the total number of directors on the Board, multiplied by the aggregate voting power of the shares of Common Stock and other securities of FF generally entitled to vote in the election of directors of FF beneficially owned by FF Top and its affiliates, divided by the total voting power of the then-outstanding shares of Common Stock issued as of the record date for any meeting of stockholders of FF at which directors are to be elected, rounding up to the next whole director. Such right granted to FF Top or other similar rights granted to other investors in the future may cause FF to fall out of compliance with certain of Nasdaq’s listing rules, in particular Nasdaq Rule 5640, which disallows the voting rights of existing stockholders to be disparately reduced through any corporate action or issuance, and cause FF’s Class A Common Stock to be delisted from Nasdaq.

FF’s Third Amended and Restate Certificate of Incorporation, as amended provides, subject to limited exceptions, that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain stockholder litigation matters,

which could limit FF's stockholders' ability to obtain a chosen judicial forum for disputes with it or its directors, officers, employees or stockholders.

FF's Third Amended and Restated Certificate of Incorporation requires to the fullest extent permitted by law, that derivative actions brought in our name, actions against directors, officers and employees for breach of fiduciary duty and other similar actions may be brought in the Court of Chancery in the State of Delaware or, if that court lacks subject matter jurisdiction, another federal or state court situated in the State of Delaware. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and consented to the forum provisions in our certificate of incorporation. In addition, our third Amended and Restated Certificate of Incorporation provides that the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act and the Exchange Act.

In March 2020, the Delaware Supreme Court issued a decision in *Salzburg et al. v. Sciabacucchi*, which found that an exclusive forum provision providing for claims under the Securities Act to be brought in federal court is facially valid under Delaware law. It is unclear whether this decision will be appealed, or what the final outcome of this case will be. We intend to enforce this provision, but we do not know whether courts in other jurisdictions will agree with this decision or enforce it.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in our Amended and Restated Certificate of Incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm its business, operating results and financial condition.

Charter documents and Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of the Common Stock.

FF's Third Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws contain provisions that could delay or prevent a change in control of FF. These provisions could also make it more difficult for stockholders to elect directors and take other corporate actions. These provisions include:

- authorizing the Board to issue preferred stock with voting or other rights or preferences that could discourage a takeover attempt or delay changes in control;
- prohibiting cumulative voting in the election of directors;
- limiting the adoption, amendment or repeal of FF'S Amended and Restated Bylaws or the repeal of the provisions of our certificate of incorporation regarding the election and removal of directors without the required approval of at least two-thirds of the shares entitled to vote at an election of directors;
- prohibiting stockholder action by written consent; and
- limiting the persons who may call special meetings of stockholders.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board, which is responsible for appointing the members of our management. In addition, the provisions of Section 203 of the Delaware General Corporate Law ("DGCL") govern FF. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with FF for a certain period of time without the consent of its Board. These and other provisions in our Third Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and under Delaware law could discourage potential takeover attempts, reduce the price investors might be willing to pay in the future for shares of Class A Common Stock and result in the market price of Class A Common Stock being lower than it would be without these provisions.

Claims for indemnification by FF's directors and officers may reduce its available funds to satisfy successful third-party claims against it and may reduce the amount of money available to it.

Our Third Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide that we will indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law.

In addition, as permitted by Section 145 of the DGCL, our Amended and Restated Bylaws and our indemnification agreements that we entered into with our directors and officers provide that:

- We will indemnify our directors and officers for serving FF in those capacities or for serving other business enterprises at our request, to the fullest extent permitted by Delaware law. Delaware law provides that a corporation may indemnify such person if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the registrant and, with respect to any criminal proceeding, had no reasonable cause to believe such person's conduct was unlawful;
- We may, in our discretion, indemnify employees and agents in those circumstances where indemnification is permitted by applicable law;
- We will be required to advance expenses, as incurred, to our directors and officers in connection with defending a proceeding, except that such directors or officers will undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification;
- The rights conferred in our Amended and Restated Bylaws are not exclusive, and we are authorized to enter into indemnification agreements with our directors, officers, employees and agents and to obtain insurance to indemnify such persons; and
- We may not retroactively amend provisions of our Amended and Restated Bylaws to reduce our indemnification obligations to directors, officers, employees and agents.

FF's dual-class structure may depress the trading price of the Class A Common Stock.

We cannot predict whether FF's dual-class structure will result in a lower or more volatile market price of the Class A Common Stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indexes. S&P Dow Jones and FTSE Russell have announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, pursuant to which companies with multiple classes of shares of common stock are excluded. In addition, several stockholder advisory firms have announced their opposition to the use of multiple-class structures. As a result, the dual-class structure of the Common Stock may cause stockholder advisory firms to publish negative commentary about FF'S corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices or any actions or publications by stockholder advisory firms critical of our corporate governance practices or capital structure could adversely affect the value and trading market of the Class A Common Stock.

If securities or industry analysts do not publish research or reports about FF's business or publish negative reports about its business, its share price and trading volume could decline.

The trading market for our Class A Common Stock will depend on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover FF downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of FF or fail to regularly publish reports on FF, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

FF has incurred and will continue to incur increased expenses and administrative burdens as a public company, which could have an adverse effect on its business, financial condition and results of operations.

Following the consummation of the Business Combination, FF has incurred and will continue to incur increased legal, accounting, administrative and other costs and expenses as a public company that Legacy FF did not incur as a private company. The Sarbanes-Oxley Act, including the requirements of Section 404, to the extent applicable to FF, as well as rules and regulations subsequently implemented by the SEC, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the rules and regulations promulgated and to be promulgated thereunder, the PCAOB and the securities exchanges, impose additional reporting and other obligations on public companies. Compliance with public company requirements will increase costs and make certain activities more time consuming. Under a number of those requirements, we have to carry out

activities Legacy FF has not done previously. For example, FF has created committees of the Board and adopted internal controls and disclosure controls and procedures. In addition, expenses associated with SEC reporting requirements are incurred on a continuous basis. Furthermore, if any issues in complying with those requirements are identified (for example, if FF identifies additional material weaknesses or significant deficiency in internal control over financial reporting), we would incur additional costs rectifying those issues, and the existence of those issues could adversely affect our reputation or investor perceptions of it. It may also be more expensive to obtain director and officer liability insurance. Risks associated with our status as a public company may make it more difficult to attract and retain qualified persons to serve on our Board or as executive officers. The additional reporting and other obligations imposed by these rules and regulations will increase legal and financial compliance costs and the costs of related legal, accounting and administrative activities. These increased costs will require us to divert a significant amount of money that could otherwise be used to expand the business and achieve strategic objectives. Advocacy efforts by stockholders and third parties may also prompt additional changes in governance and reporting requirements, which could further increase costs.

Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert management's attention from implementing our growth strategy, which could prevent us from improving our business, results of operations and financial condition. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a publicly traded company. However, the measures we take may not be sufficient to satisfy our obligations as a publicly traded company.

For as long as we remain an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." See "*The JOBS Act permits "emerging growth companies" like FF to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies. The reduced reporting requirements applicable to us may make FF's shares of Common Stock less attractive to investors*" for more information. There is no guarantee that the exemptions available to us under the JOBS Act will result in significant savings. To the extent we choose not to use exemptions from various reporting requirements under the JOBS Act, we will incur additional compliance costs, which may impact earnings.

The JOBS Act permits "emerging growth companies" like FF to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies. The reduced reporting requirements applicable to us may make FF's shares of Common Stock less attractive to investors.

FF qualifies as an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act, as modified by the JOBS Act. As such, FF is eligible for and intends to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies for as long as it continues to be an emerging growth company, including, but not limited to, (a) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, (b) reduced disclosure obligations regarding executive compensation in FF's periodic reports and proxy statements and (c) exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, FF's stockholders may not have access to certain information they may deem important. FF will remain an emerging growth company until the earliest of (i) the last day of our fiscal year following July 24, 2025 (the fifth anniversary of the consummation of PSAC's initial public offering), (ii) the last day of the fiscal year in which the market value of FF's shares of Common Stock that are held by non-affiliates exceeds \$700.0 million as of June 30 of that fiscal year, (iii) the last day of the fiscal year in which we have total annual gross revenue of \$1.235 billion or more during such fiscal year (as indexed for inflation) or (iv) the date on which we have issued more than \$1.0 billion in non-convertible debt in the prior three-year period. We cannot predict whether investors will find FF's securities less attractive because it will rely on these exemptions. If some investors find FF's securities less attractive as a result of its reliance on these exemptions, the trading prices of FF's securities may be lower than they otherwise would be, there may be a less active trading market for FF's securities and the trading prices of FF's securities may be more volatile.

Further, 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 (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may

make comparison of FF's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used. We cannot predict if investors will find our shares of Common Stock less attractive because we will rely on these exemptions. If some investors find our shares of Common Stock less attractive as a result, there may be a less active market for our shares of Common Stock and our share price may be more volatile.

If FF has not fully developed and implemented all required accounting practices and policies and has been unable to provide the financial information required of a U.S. publicly traded company in a timely and reliable manner.

We have failed to to develop and maintain effective internal controls and procedures and disclosure procedures and controls, we have been unable to provide financial information and required SEC reports that a U.S. publicly traded company is required to provide in a timely and reliable fashion. Any such delays or deficiencies could penalize us, including by limiting our ability to obtain financing, either in the public capital markets or from private sources and hurt our reputation and could thereby impede our ability to implement our growth strategy. The delay in filing this Form 10-K has resulted in our failure to meet the requirements for listing of our shares of Common Stock on Nasdaq.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

We at Faraday Future employ a cybersecurity strategy for addressing cybersecurity risks, security vulnerabilities, and impacts that align with the NIST Cybersecurity Framework (CSF). The NIST Risk Management Framework (RMF) provides a comprehensive, flexible, and measurable process to manage information security and privacy risks for Faraday Future systems. This framework outlines standards and guidelines to support the implementation of risk management programs to meet the requirements of the Federal Information Security Modernization Act (FISMA). The NIST framework promotes the protection of Faraday Future infrastructure. We utilize the five core functions of the framework which are Identify, Protect, Detect, Respond, and Recover.

Our Information technology security team has a working relationship with our third-party vendors such as Rapid7, Carbon Black and Cisco to provide guidance related to the management of cybersecurity risks. Our strategy includes both short- and long-term projects to increase the security surrounding our assets by using threat monitoring, threat detection, and SIEM tools within our security systems. We perform cybersecurity assessments with respect to asset scanning, risk assessments, and vulnerability scans with respect to users in our organization and third parties who provide critical services or who have access to critical confidential data.

We have not identified any cybersecurity threats that have materially impaired or are reasonably likely to materially impair our operations or financial standing. Our critical business systems are fully redundant and backed up. Our security systems correlate security events from our SIEM and aggregate security-related incident data, such as malware activity, malicious activities, and ransomware. Security functionality is continuously monitored by our IT security team and our third party comanaged vendor soc team, and our network traffic is analyzed for signs of malicious activity through the Cyber security systems. Anti-virus solutions are deployed throughout our organization on servers, laptops and workstations in our data centers, headquarters, and remote sites.

We have hired an independent third-party cybersecurity firm to perform penetration testing annually. The third-party checks for vulnerabilities on our external and internal network perimeters. If vulnerabilities are found, corrective actions are implemented to remediate any issues.

Our employees are required to take annual cyber security training designed to help employees guard our cyber and physical data. Employees are tested on this training.

Item 2. Properties

FF leases all of its facilities. The following table sets forth the location, approximate size, primary use and lease term of FF's major facilities as of December 31, 2023:

Location	Approximate Size (Building) in Square Feet	Primary Use	Lease Expiration Date
Gardena, California	146,765	Global headquarters, research and development, office	April 30, 2027
FF's ieFactory California	1,100,000	Manufacturing	October 19, 2028
Beverly Hills, California	12,947	Retail	August 31, 2032
San Jose, California	30,260	Office	March 31, 2025
Gardena, California	12,650	Office	March 31, 2027
Beijing, China	13,993	Administrative services, research and development, strategic planning	December 14, 2024
Shanghai, China	2,799	Administrative services, research and development, strategic planning	July 19, 2024
Shanghai, China	9,074	Administrative services, research and development, strategic planning	July 15, 2027

FF is finalizing the refurbishment of the FF ieFactory California manufacturing facility. The facility is finishing the main components which includes a body shop, a paint shop, component manufacturing and an assembly line. The FF ieFactory California manufacturing facility is approximately 1.1 million square feet and, once it is built out, is expected to have the capacity to support a production of 10,000 vehicles per year.

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

FF's shares of Class A Common Stock and Public Warrants are currently listed on Nasdaq under the symbols "FFIE" and "FFIEW," respectively. Prior to the consummation of the Business Combination, our Common Stock and warrants were listed on Nasdaq under the symbols "PSACU," "PSAC," and "PSACW," respectively. There is no established public trading market in the Class B Common Stock. As of May 17, 2024, there were 427 holders of record of our Class A Common Stock, one holder of record of our Class B Common Stock, one holder of record of our Public Warrants and one holder of private warrants.

Dividend Policy

FF has not paid any cash dividends on our Class A Common Stock or the warrants to date. The Board may from time to time consider whether or not to institute a dividend policy. It is our present intention to retain any earnings for use in our business operations and accordingly, we do not anticipate the Board declaring any dividends for the foreseeable future. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition. The payment of any cash dividends will be within the discretion of the Board. Further, our ability to declare dividends will also be limited by restrictive covenants contained in our debt agreements.

Securities Authorized for Issuance Under Equity Incentive Plan

At the special meeting of PSAC's stockholders held on July 20, 2021, the stockholders of the Company considered and approved the Faraday Future Intelligent Electric Inc. 2021 Stock Incentive Plan (the "Incentive Plan"). The Incentive Plan was previously approved, subject to stockholder approval, by the PSAC board of directors. Pursuant to the Incentive Plan, 1,067,189 shares of Class A Common Stock have been reserved for issuance under the Incentive Plan.

The following table sets forth information as of December 31, 2023 (as adjusted for the 1-for-3 reverse stock split effective March 1, 2024) regarding the number of shares of our Common Stock that may be issued under the Company's equity compensation plans. The Company maintains three equity compensation plans, the 2021 Plan, the Smart King Ltd. Equity Incentive Plan (the "Smart King EIP"), and the Smart King Ltd. Special Talent Incentive Plan (the "Smart King STIP"). The 2021 Plan was approved by the stockholders. The Smart King EIP and Smart King STIP plans existed prior to the Company going public and therefore were not approved by the security holders.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity Compensation Plans Approved By Security holders :			
Faraday Future Intelligent Electric Inc. 2021 Incentive Plan	147,232 ⁽¹⁾	107.82 ⁽²⁾	1,067,189 ⁽³⁾
Equity Compensation Plans Not Approved by Security Holders:			
Smart King Ltd. Equity Incentive Plan	81,203	660.19 ⁽⁴⁾	<u> </u> ⁽⁵⁾
Smart King Ltd. Special Talent Incentive Plan	22,551	1505.15 ⁽⁴⁾	<u> </u> ⁽⁵⁾
Total	250,986	412.08 ⁽⁶⁾	1,067,189

- (1) Of the shares reported in the table, 110,671 shares were subject to awards of restricted stock units, 31,897 shares were subject to outstanding stock options and 4,664 shares were subject to performance stock units, all under the 2021 Plan.
- (2) Represents the weighted-average exercise price of options, RSU and PSUs granted under the 2021 Plan.
- (3) All of the securities reported in this column were then available for issuance under the 2021 Plan. Shares available for issuance under the 2021 Plan generally may be used for any type of award authorized under that plan including stock options, stock appreciation rights, restricted stock
- (4) The weighted-average exercise price is calculated without taking into account outstanding awards of stock units
- (5) There are no remaining shares available for issuance under the Smart King EIP and the Smart King STIP.
- (6) The weighted-average exercise price is calculated based on the exercise price of Equity Compensation Plans Approved By Security Holders and Equity Compensation Plans Not Approved By Security Holders and taking into account options, RSUs and PSUs under the 2021 Plan.

Item 6. [Reserved]

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 Consolidated Financial Statements and Notes thereto included elsewhere in this Annual Report on Form 10-K (this "Form 10-K"). Some of the information contained in this discussion and analysis or set forth elsewhere in this Form 10-K, including information with respect to FF's plans and strategy for FF's business, include 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 section titled "Risk Factors" in Item 1A above 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.

Unless context otherwise requires, all references in this section to the "Company," "FF," "we," "us," "our" and similar terms refer to Faraday Future Intelligent Electric Inc., a Delaware corporation, and its consolidated subsidiaries. References to "PSAC" refer to Property Solutions Acquisition Corp., a Delaware corporation, our predecessor company prior to the consummation of the Business Combination (as defined herein), and "Legacy FF" refers to FF Intelligent Mobility Global Holdings Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands, together with its consolidated subsidiaries, prior to the Business Combination.

Cautionary Note Regarding Forward-Looking Statements

This Form 10-K 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 Form 10-K 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 Item 1A above. 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 Item 1A above may not be exhaustive.

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

Overview

The Company is a California-based, global, shared, intelligent, mobility ecosystem company founded in 2014 with a vision to disrupt the automotive industry. The Company's Class A Common Stock and Public Warrants trade on The Nasdaq Capital 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 production facility in Hanford, California (the "FF ieFactory 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 arrangements.

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.

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

- FF has designed and developed a breakthrough mobility platform — its proprietary Variable Platform Architecture (“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 Internet Artificial Intelligence (“I.A.I.”) technology offers high-performance computing, high speed internet connectivity, Over-the-Air (“OTA”) updating, an open ecosystem for third-party application integration, and an advanced autonomous driving-ready system, in addition to several other proprietary innovations that enable FF to build an advanced, highly-personalized user experience.
- Since inception, FF has developed a portfolio of intellectual property, established its 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 December 31, 2023, FF has been granted approximately 660 patents globally.
- FF believes that the FF 91 Futurist (the “FF 91,” “FF 91 Futurist,” or “FF 91 2.0 Futurist Alliance”) is the first ultra-luxury electric vehicle to offer a highly-personalized, fully-connected user experience for driver and passengers. FF started production on the first FF 91 futurist and delivered the first FF 91 2.0 Futurist Alliance in 2023.
- FF’s planned B2C passenger vehicle pipeline includes the FF91 series, the FF81 series, and the FF71 series.
 - Subject to future financing, FF plans to produce and deliver its second passenger vehicle, the FF 81, which is expected to be designed to be a premium, mass-market electric vehicle positioned to compete against the Tesla Model S, Tesla Model X, the BMW 5-series, the Range Rover Sport and similar vehicles.
 - Subject to future financing, 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 is expected to be designed to integrate full connectivity and advanced technology into a smaller vehicle size and is positioned to compete with vehicles such as the Tesla Model 3, Tesla Model Y, and the BMW 3-series.
 - Subject to future financing, 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.

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

Emerging Growth Company Status

Section 102(b)(1) of the 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 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, FF’s founder and Chief Product and User Ecosystem Officer (alongside the then Chief Executive Officer, Mr. Xuefeng Chen) reporting directly to the Board, as well as FF’s product, mobility ecosystem, I.A.I., and advanced research and development (“R&D”) technology departments reporting directly to Mr. Jia. The Board also approved FF’s user ecosystem, capital markets, human resources and administration, corporate strategy and China departments reporting to both Mr. Jia and Mr. Chen, subject to processes and controls to be determined by the Board after consultation with the Company’s management. 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 September 16, 2023, Mr. Chen notified the Company of his decision to resign from his position as Global Chief Executive Officer (“Global CEO”) and as a member of the Board effective September 29, 2023. On September 21, 2023, the Board appointed Mattias Aydt to succeed Mr. Chen as Global CEO and as a member of the Board, effective September 29, 2023.

The Company has determined that its co-“Chief Operating Decision Maker (“CODM”) are both its Global CEO and Chief Product and User Ecosystem Officer. 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 U.S. Given the Company’s early-revenue operating stage, it currently has no concentration exposure to products, services or customers.

Recent Developments

Recent Governance Developments

- On October 10, 2023, Ke Sun, a member of the Board notified the Company of her decision to resign as a director of the Company effective immediately. On October 16, 2023, Li Han, a member of the Board, was deemed to be an independent director as defined by Nasdaq Listing Rule 5605. In addition, the Board voted to reduce the size of the Board from seven to six members, effectively immediately.
- Effective November 7, 2023, Scott Graziano, the Company’s General Counsel, was appointed Corporate Secretary.
- On February 5, 2024, the Company filed an amendment to the Company’s Third Amended and Restated Certificate of Incorporation with the office of the Secretary of the State of Delaware to effect an increase in the authorized shares of Common Stock from 154,437,500 to 1,389,937,500.

- At a special meeting of the Company’s stockholders held on February 5, 2024, the Company’s stockholders approved an amendment to the Company’s Third Amended and Restated Certificate of Incorporation, as amended, to effect a reverse stock split of the Common Stock by a ratio of 1-for-3, with such action to be effected at such time and date, if at all, as determined by the Board within one year after the conclusion of the special meeting and a corresponding reduction in the total number of shares of Common Stock the Company is authorized to issue. On February 23, 2024, the Company filed a second amendment to the Company’s Third Amended and Restated Certificate of Incorporation, as amended with the Secretary of State of the State of Delaware to effect this reverse stock split and to set the number of authorized shares of Common Stock to 463,312,500 (which is 1,389,937,500 divided by 3). Pursuant to the Certificate of Amendment, effective as of 5:00 p.m., Eastern Time, on February 29, 2024 (the “Effective Time”), every three shares of the issued and outstanding Common Stock was automatically converted into one share of Common Stock, without any change in par value per share and the number of authorized shares of Common Stock was reduced to 463,312,500.

At the Effective Time, the number of shares of Common Stock reserved for issuance under the Company’s Amended and Restated 2021 Stock Incentive Plan, the Company’s Smart King Ltd. Equity Incentive Plan, and the Company’s Smart King Ltd. Special Talent Incentive Plan (collectively, the “Plans”), as well as the number of shares subject to the then-outstanding awards under each of the Plans, were proportionately adjusted, using the 1-for-3 ratio, rounded down to the nearest whole share. In addition, the exercise price of the then-outstanding options under each of the Plans was proportionately adjusted, using the 1-for-3 ratio, rounded up to the nearest whole cent. Proportionate adjustments were made to the number of shares of Common Stock issuable upon exercise or conversion of the Company’s outstanding warrants and convertible securities, as well as the applicable exercise or conversion prices.

The Company’s Class A Common Stock began trading on The Nasdaq Capital Market on a split-adjusted basis at the opening of trading on March 1, 2024. The Class A Common Stock continues trading on Nasdaq under the symbol “FFIE” with a new CUSIP number (307359 703). The Class B Common Stock also has a new CUSIP number (307359 802). The Company’s publicly traded warrants continue to be traded on Nasdaq under the symbol “FFIEW” and the CUSIP number for the warrants remains unchanged. However, under the terms of the applicable warrant agreement, the number of shares of Class A Common Stock issuable on exercise of each warrant has been proportionately decreased. Specifically, following the effectiveness of the reverse stock split, every three shares of Class A Common Stock that may be purchased pursuant to the exercise of public warrants now represents one share of Class A Common Stock that may be purchased pursuant to such warrants. Accordingly, for the Company’s warrants trading under the symbol “FFIEW”, every three warrants are now exercisable for one share of Class A Common Stock at an exercise price of \$2,760.00 per share of Class A Common Stock.

No fractional shares of Common Stock were issued as a result of the reverse stock split. Stockholders who would otherwise receive a fractional share were instead issued a full share in lieu of such fractional share. The reverse stock split affected all record holders of the Common Stock uniformly and did not affect any record holder’s percentage ownership interest in the Company, except for de minimis changes as a result of the elimination of fractional shares. Holders of Common Stock who hold in “street name” in their brokerage accounts did not have to take any action as a result of the reverse stock split. Their accounts were automatically adjusted to reflect the number of shares owned. Stockholders of record received information from Continental Stock Transfer & Trust Company regarding their stock ownership following the reverse stock split.

- Effective February 26, 2024, Mr. Chen, transitioned from his role as China Chief Executive Officer to Senior Vice President and no longer served as a Section 16 officer of Faraday Future Intelligent Electric Inc. Mr. Chen has subsequently resigned from the Company.

Components of FF’s Results of Operations

Key Factors Affecting Operating Results

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 Item 1A of this Form 10-K.

Production and Operations

FF expects to continue to incur significant operating costs that will impact its future profitability, including R&D 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 as it delivers at scale 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.

As of December 31, 2023, FF has sold four and leased six 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 financing of the FF ieFactory California, secured syndicated debt financing, convertible notes, working capital loans, and equity offerings, among other options. The particular funding mechanisms, terms, timing, and amounts are dependent on 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 FF ieFactory California 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 2, *Liquidity and Capital Resources and Going Concern* in the notes to the Consolidated Financial Statements and for further details on liquidity, please see the "Liquidity and Capital Resources" section below.

Revenue Recognition

Automotive Sales Revenue

We began the production of our FF 91 Futurist in March 2023 and started making deliveries to customers in August 2023 and have sold four and leased six vehicles for the year ended December 31, 2023.

Automotive sales revenue includes revenues related to deliveries of new vehicles, and specific other features and services including home charger, charger installation, twenty-four-seven roadside assistance, OTA software updates, internet connectivity and destination fees.

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

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

In certain circumstances, we provide customers with a residual value guarantee which may or may not be exercised in the future. The impact of such residual value guarantees was immaterial to the our Consolidated Statements of Operations and Comprehensive Loss for the year ended December 31, 2023.

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

Automotive Leasing Revenue

Revenue from Operating Leasing Program

We have outstanding leases under our vehicle operating leasing program in the U.S. Qualifying customers are permitted to lease a vehicle for up to 36 months. At the end of the lease term, customers are generally required to return the vehicles to us.

We account for these leasing transactions as operating leases. We record leasing revenues to automotive leasing revenue on a straight-line basis over the contractual term, and we record the depreciation of these vehicles to cost of automotive leasing revenue. As of December 31, 2023, deferred lease-related upfront payments which will be recognized on a straight-line basis over the contractual terms of the individual leases were immaterial. Our policy is to exclude taxes collected from a customer from the transaction price of automotive contracts.

Revenue from Sales-Type Leasing Program

We have outstanding leases accounted for as sales-type leases under accounting standards codification (“ASC”) 842, Leases (“ASC 842”). Customers have the right to purchase the vehicle at the end of the lease term, which is usually 36 months. A customer qualifies under this program if the purchase option is reasonably certain to be exercised, and we therefore expect the customer to take title to the vehicle at the end of the lease term after making all contractual payments. We recognize all revenue and costs associated with the sales-type lease as automotive leasing revenue and automotive leasing cost of revenue, respectively, upon delivery of the vehicle to the customer when collectability of lease payments is probable at lease commencement. If collectability of lease payments is not probable at commencement, we recognize the lease payments as deposit liability and do not derecognize the leased vehicle until such point that collectability of lease payments becomes probable.

Customer Deposits and Deferred Revenue

Our customers may reserve a vehicle and preorder certain services by making a customer deposit, which is fully refundable at any time. Refundable deposits, for vehicle reservations and services, received from customers prior to an executed vehicle purchase agreement are recorded as customer deposits (Accrued expenses and other current liabilities). Customer deposits were \$3.2 million and \$3.4 million as of December 31, 2023 and 2022, respectively. When vehicle purchase agreements are executed, the consideration for the vehicle and any accompanying products and services must be paid in advance prior to the transfer of products or services by the Company. Such advance payments are considered non-refundable, and the Company defers revenue related to any products or services that are not yet transferred.

Deferred revenue is equivalent to the total transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, as of the balance sheet date. Deferred revenue related to products and services was immaterial as of December 31, 2023, and 2022.

Warranties

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

Cost of Automotive Sales Revenue

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

Cost of Automotive Leasing Program

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

Operating Expenses

Research and Development

R&D activities represent a significant part of our business. Our R&D efforts focus on the design and development of our electric vehicles and continuing to prepare our prototype electric vehicles to exceed industry standards for compliance, innovation, and performance. R&D expenses consist of personnel-related costs (including salaries, bonuses, benefits, and stock-based compensation) for our employees focused on R&D activities, other related costs, depreciation, R&D services provided by co-creators, and an allocation of overhead. We expect R&D expenses to decrease in the near future as we substantially have completed R&D activities related to the FF 91.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel-related costs (including salaries, bonuses, benefits, and stock-based compensation) for our employees focused on sales and marketing, costs associated with sales and marketing activities, marketing services provided by co-creators, and an allocation of overhead. Marketing activities are those related to introducing our brand, our electric vehicles, and our electric vehicle prototypes to the market. We expect selling and marketing expenses to continue to increase as we bring our electric vehicles to market and seek to generate additional 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 our estimates of future legal settlements. These expenses also include certain third-party consulting services, certain facilities costs, and any corporate overhead costs not allocated to other expense categories. We expect our general and administrative expenses to increase as we continue to grow our business.

Loss on Disposal of Property and Equipment

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

Change in Fair Value of Earnout Liability

Our shareholders prior to the Business Combination, until its fifth anniversary, are entitled to contingent consideration of up to 104,167 additional shares of Class A Common Stock in the aggregate in two equal tranches upon the occurrence of each earnout triggering event ("Earnout Shares"). We recognized the Earnout Shares at fair value upon the closing of the Business Combination and classified them in Stockholders' Equity since the Earnout Shares were determined to be indexed to our own stock and meet the requirements for equity classification in accordance with ASC 815-40, *Derivatives and Hedging - Contracts in Entity's Own Equity*. From time to time subsequent to the closing of the Business Combination, the Earnout Shares may be classified as derivative liabilities under ASC 815, *Derivatives and Hedging*, due to the us having insufficient authorized shares to fully settle the equity-linked financial instruments in shares. The Earnout Shares reclassified as derivative instruments are recognized at fair value with changes in fair value recognized in earnings until such time as the conditions giving rise to such derivative liability classification were settled or we have sufficient authorized, unissued shares to settle such contracts with shares.

Non-operating Expenses

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

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

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

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

Related Party Interest Expense

Related party interest expense consists of interest expense on notes payable with related parties.

Interest Expense

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

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. We expect other expense to fluctuate as we continue to transact internationally

Results of Operations

(dollars in thousands)	Year Ended December 31,	
	2023	2022
Consolidated Statements of Operations		
Revenues		
Auto sales	\$ 784	\$ —
Cost of revenues		
Auto sales	42,607	—
Gross loss	(41,823)	—
Operating expenses		
Research and development	132,021	299,989
Sales and marketing	22,836	21,689
General and administrative	82,888	112,771
Loss on disposal of property and equipment	4,453	2,695
Change in fair value of earnout liability	2,033	—
Total operating expenses	244,231	437,144
Loss from operations	(286,054)	(437,144)
Change in fair value of notes payable and warrant liabilities	89,860	(70,512)
Change in fair value of related party notes payable and related party warrant liabilities	7,101	—
Loss on settlement of notes payable	(217,019)	(73,204)
Loss on settlement of related party notes payable	(20,045)	—
Interest expense	(2,288)	(5,561)
Related party interest expense	(753)	(3,879)
Other expense, net	(2,437)	(11,878)
Loss before income taxes	(431,635)	(602,178)
Income tax provision	(109)	(61)
Net loss	<u>\$ (431,744)</u>	<u>\$ (602,239)</u>

Revenue

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	Amount	%
Revenue	\$ 784	\$ —	\$ 784	— %

Automotive sales revenue was \$0.8 million for the year ended December 31, 2023. We started vehicle delivery to our customers during the third quarter of 2023 and this amount is primarily driven by the four cars that were sold through December 31, 2023. There was no sales revenue for the year ended December 31, 2022.

Cost of Revenue

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	Amount	%
Cost of revenue	\$ 42,607	\$ —	\$ 42,607	— %

Cost of revenue was \$42.6 million for the year ended December 31, 2023. We started to recognize automotive sales revenue during the year ended December 31, 2023 and the corresponding cost of revenue. Cost of revenue is primarily driven by higher costs of early-stage cost inefficiencies including lower fixed cost absorption largely due to depreciation of tooling and

machinery. To a lesser extent, cost of revenue includes higher initial manufacturing inefficiencies coupled with higher initial cost of parts resulting from lower volume associated with delivery of the FF 91 Futurist vehicles.

Research and Development

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	Amount	%
Research and development	\$ 132,021	\$ 299,989	\$ (167,968)	(56.0)%

The decrease in R&D expense is primarily due to the reduction in engineering, design, and testing services of \$125.9 million as we substantially completed R&D activities related to the FF 91 Futurist vehicle in 2022. Further, as we started production in March 2023, certain costs were recognized as cost of revenue and certain materials purchases were capitalized to inventory versus all being recognized as R&D expense. In addition, there was a decrease in personnel and compensation expenses of \$20.2 million due to a decrease in headcount and a decrease in professional services of \$15.1 million as part of cost saving measures implemented by us in light of our financial position.

Sales and Marketing

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	Amount	%
Sales and marketing	\$ 22,836	\$ 21,689	\$ 1,147	5.3 %

Sales and marketing expenses did not significantly fluctuate from the prior year. These efforts remained consistent as we only began vehicle deliveries in the third quarter of 2023.

General and Administrative

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	Amount	%
General and administrative	\$ 82,888	\$ 112,771	\$ (29,883)	(26.5)%

The decrease in general and administrative expense is primarily due to a decrease in compensation expense of \$20.6 million and professional services expenses of \$18.6 million due to our financial position; partially offset by general costs of \$12.2 million primarily related to an increase in property insurance and Director & Officer Insurance.

Loss on disposal of property and equipment

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	Amount	%
Loss on disposal of property and equipment	\$ 4,453	\$ 2,695	\$ 1,758	65.2 %

The increase in loss on disposal of property and equipment was the result of the sale of a property/equipment satisfying liquidity needs to fund short-term business activities.

Change in Fair Value of Earnout Liability

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	Amount	%
Change in fair value of earnout liability	\$ 2,033	\$ —	\$ 2,033	— %

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, *Derivatives and Hedging - Contracts in Entity's Own Equity*. As of August 25, 2023, we reclassified the Earnout Shares from liability classification to equity classification as a result of us having sufficient authorized shares to share-settle the earnout, which was determined to be equity classified under ASC 815-40, *Derivatives and Hedging - Contracts in Entity's Own Equity*. The \$2.0 million decrease in the earnout liability was recognized as a change in fair value of earnout liability during the third quarter of 2023 and there was no comparable expense in the prior period.

Change in Fair Value of Notes Payable and Warrant Liabilities

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	Amount	%
Change in fair value of notes payable and warrant liabilities	\$ 89,860	\$ (70,512)	\$ 160,372	(227.4)%

The change in the fair value of notes payable and warrant liabilities is primarily due to notes payable and warrant liabilities revalued during 2023 at predominantly lower fair values due to pricing inputs that use the market price of the Company's Common Stock and debt discount rate which have experienced large declines. As of December 31, 2022 the Company had \$41.7 million of notes payable outstanding, compared with \$118.9 million outstanding as of December 31, 2023, excluding the impact of mark to market valuation adjustments. During the year ended December 31, 2023, we recognized a gain in the change in fair value of notes payable and warrant liabilities of \$69.7 million, specific to the change in fair value of our warrant liabilities, which was driven by the significant decline in the Company's stock price.

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

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	Amount	%
Change in fair value of related party payable and related party warrant liabilities	\$ 7,101	\$ —	\$ 7,101	—%

We did not have any related party notes payable or warrants that were re-measured at fair value during the year ended December 31, 2022. In May 2023, we entered into Unsecured SPA Notes (as defined in Note 6, Accrued Expenses and Other Current Liabilities, in the Notes to the Consolidated Financial Statements) with MHL, who is a related party, and V W Investment. On December 31, 2023, the related party Unsecured SPA Notes and warrant were revalued at a lower fair value than at their issuance due to pricing inputs that use the market price of the Class A Common Stock and debt discount rate which have experienced a decline.

Loss on Settlement of Notes Payable

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	Amount	%
Loss on settlement of notes payable	\$ (217,019)	\$ (73,204)	\$ (143,815)	196.5%

The increase in the Loss on settlement of notes payable during the year ended December 31, 2023 is primarily driven by a higher conversion volume during the period and a larger loss on settlement per dollar principal. During the year ended December 31, 2023 note holders converted \$200.6 million of notes payable, excluding the impact of mark to market valuation adjustments, compared with \$119.3 million in the year ended December 31, 2022. The increase in the loss on settlement per

dollar of principal is driven by the trailing-twelve-month trend of declines in the fair value of our notes payable driven by the change in the stock price over the period.

Loss on Settlement of Related Party Notes Payable

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	Amount	%
Loss on settlement of related party notes payable	\$ (20,045)	\$ —	\$ (20,045)	— %

We did not have any related party notes payable that settled during the year ended December 31, 2022. In May 2023, we entered into Unsecured SPA Notes with MHL, who is a related party. During the year ended December 31, 2023, the related party converted Unsecured SPA Notes with principal balances of \$22.3 million in exchange for 5.0 million shares of Class A Common Stock. We recognized a loss on settlement of related party notes payable for the difference between the fair value of the shares issued and the fair value of the debt instrument.

Interest Expense

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	Amount	%
Interest expense	\$ (2,288)	\$ (5,561)	\$ 3,273	(58.9)%

The decrease in interest expense was primarily due to our 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 Class A Common Stock in the year ended December 31, 2022. The 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

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	Amount	%
Related party interest expense	\$ (753)	\$ (3,879)	\$ 3,126	(80.6)%

The decrease in related party interest expense 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 was waived.

Other Expense, net

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	Amount	%
Other expense, net	\$ (2,437)	\$ (11,878)	\$ 9,441	(79.5)%

The change in other expense, net was primarily due to a decrease in 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.

Liquidity and Capital Resources

We have evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the Consolidated Financial Statements are issued. Based on our recurring losses from operations since inception and continued cash outflows from operating activities

(all as described below), we have concluded that there is substantial doubt about our ability to continue as a going concern for a period of one year from the date that the Consolidated Financial Statements were issued.

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

We had and will continue to devote substantial effort and, to the extent available, capital resources, to strategic planning, engineering, design, and development of its electric vehicle platform, development of vehicle models, optimizing the build out of the FF ieFactory, California, and capital raising. We incurred cumulative losses from operations, negative cash flows from operating activities, and have an accumulated deficit of \$3,958.5 million, an unrestricted cash balance of \$1.9 million and a negative working capital position of \$169.8 million as of December 31, 2023. During 2023, we delivered our first vehicles but expect to continue to generate significant operating losses for the foreseeable future. We have funded our operations and capital needs primarily through the issuance of related party notes payable and notes payable, convertible notes, and the sale of common stock. See Note 7, *Notes Payable* and Note 8, *Related Party Transactions*, convertible notes, and the sale of common stock, of the notes to the Consolidated Financial Statements included in this Form 10-K.

Pursuant to the Secured SPA, Unsecured SPA, the Unsecured Streeterville SPA, the FFVV Joinder and the Senyun Joinder (collectively the “SPA Commitments”), we obtained commitments from several investors. At December 31, 2023, commitments under the SPA Commitments totaled \$554.5 million, of which \$343.2 million was funded, \$211.3 million remained to be funded, and \$112.9 million was outstanding. At December 31, 2023, Optional Commitments under the SPA Commitments totaled \$366.0 million, of which \$39.0 million was funded, \$327.0 million remained to be funded, and \$1.0 million was outstanding. The remaining amounts to be funded as of December 31, 2023, is subject the achievement of delivery milestones, satisfaction of closing conditions, resolving disputes with investors, and satisfaction or waiver of other conditions, including for a portion of such financing an effective registration statement for the shares underlying the applicable notes.

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

On November 11, 2022, we entered into a three-year Standby Equity Purchase Agreement (the “SEPA”) with Yorkville. Under terms of the SEPA, we may, at our option, issue and sell from time to time up to \$200.0 million (which can be increased up to \$350.0 million in the aggregate under the Company’s option) of common stock to an affiliate of Yorkville Advisors, subject to certain limitations. As of December 31, 2023, we had the right to issue and sell up to an additional \$192.5 million, or \$342.5 million if we exercises our option under the SEPA.

On June 16, 2023, we filed a shelf registration on Form S-3 with the SEC (the “Shelf Registration”), which was declared effective by the SEC on June 28, 2023. As a result, we may from time-to-time issue up to \$300.0 million of common stock and/or warrants in the aggregate. As of December 31, 2023, we had the right to sell up to \$271.9 million under the Shelf Registration. Under applicable SEC rules and regulations, because FF failed to timely file this Form 10-K it is not S-3 eligible and the Shelf Registration Statement is no longer effective. See Note 11, *Stockholders’ Equity*, of the notes to the Consolidated Financial Statements included in this Form 10-K.

In addition, on September 26, 2023, we also entered into a sales agreement with Stifel, Nicolaus & Company, Incorporated, B. Riley Securities, Inc., A.G.P./Alliance Global Partners, Wedbush Securities Inc. and Maxim Group LLC, as sales agents, to sell shares of Class A Common Stock, from time to time, with aggregate gross sales proceeds of up to \$90.0 million pursuant to the Registration Statement as an “at-the-market” offering under the Securities Act (the “ATM Program”). The ATM Program has been the primary source of liquidity for us since September 2023. Under applicable SEC rules and regulations, because FF failed to timely file this Form 10-K, it is not S-3 eligible and cannot access the ATM Program. For additional information see “Risk Factors – Risks Related to FF’s Common Stock – FF is unable to utilize its “at-the-market” equity program.”

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

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

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

As of and since December 31, 2023, we were and have been in default on the Secured SPA Notes. All of the related notes have been presented as current given any waivers received are not for a sufficient duration and the events of default are reasonably certain to continue. Since April 2023, we have been in breach of our debt agreement with Chongqing Leshi Small Loan Co., Ltd., a related party, with an outstanding principal balance of \$4.5 million. As a result of the default, the interest rate on the outstanding principal balance has increased to a rate of 18% per annum until the event of default is no longer applicable.

Sources of Liquidity

As of December 31, 2023, our principal source of liquidity was cash on hand totaling \$1.9 million, which was held for working capital and general corporate purposes. We also have access to various sources of additional capital, including the SEPA and the SPA Commitments. Our ability to access these sources of capital and further information on amounts available is discussed in Note 2, *Liquidity and Capital Resources*, of the notes to the Consolidated Financial Statements included in this Form 10-K.

Significant Related Party Notes Payable and Notes Payable Facilities

We have been significantly funded by notes payable from related parties and third parties. The related parties include employees as well as affiliates of employees and affiliates and other companies controlled or previously controlled by our founder and Chief Product and User Ecosystem Officer. For more information on the outstanding related party notes payable and notes payable as well as the related schedules of maturities, see Note 7, *Notes Payable*, and Note 8, *Related Party Transactions*, of the notes to the Consolidated Financial Statements included in this Form 10-K.

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

<i>(in thousands)</i>	Contractual Maturity Date	Contractual Interest Rates	Net Carrying Value
Related party notes – China	December 31, 2023	18.0%	\$ 5,1
Related party notes – Unsecured SPA	August 2029	10% - 15%	5
Related party notes – China various other	Due on Demand	—%	3,7
Related Party Notes- Other	February, 2024	5.27%	3
			<u>\$ 9,7</u>
Less: Related party notes payable, current			\$ (9,7)
Total: Related party notes payable, less current			<u>\$</u>

We have entered into notes payable agreements with third parties, which consist of the following as of December 31, 2023:

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

* includes amounts attributed to the Unsecured Streeterville SPA

All notes are classified as current as of December 31, 2023.

Cash Flow Analysis

	For the Year Ended December 31,	
	2023	2022
Net cash (used in) provided by		
Operating activities	(278,178)	(383,058)
Investing activities	(31,109)	(123,222)
Financing activities	291,446	(6,721)
Effect of exchange rate changes on cash and restricted cash	3,352	1,038

Operating Activities

We continue to experience negative cash flows from operations as we design and develop our vehicles and build our infrastructure both in the U.S. and China. Our cash flows from operating activities are significantly affected by our cash investments to support the growth of our business in areas such as R&D associated with our electric vehicles, corporate planning, and general and administrative functions. Our operating cash flows are also affected by our 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 \$278.2 million for the year ended December 31, 2023. The largest components of our cash used in operating activities during the year ended December 31, 2023 were \$286.1 million of operating losses, primarily driven by personnel and compensation expense of \$98.0 million and professional services of \$35.3 million as well as cost of goods sold of \$42.6 million, and cash outflows related to increasing inventory of \$29.8 million and decreases to accrued expenses and other current and non-current liabilities of \$42.5 million

Net cash used in operating activities was \$383.1 million for the year ended December 31, 2022. The largest components of our cash used by operating activities during the year ended December 31, 2022 were professional and contracted services totaling \$124.6 million, compensation, benefits and related expenses totaling \$120.4 million and prepaid insurance totaling \$21.7 million.

Investing Activities

Net cash used in investing activities was \$31.1 million and \$123.2 million for the years ended December 31, 2023 and December 31, 2022, respectively, and is related to acquisition of property and equipment.

Financing Activities

Net cash provided by financing activities was \$291.4 million for the year ended December 31, 2023 and used in financing activities \$6.7 million for the year ended December 31, 2022.

Net cash provided by financing activities during the year ended December 31, 2023 primarily consists of \$210.5 million in proceeds from notes payable, \$24.9 million in proceeds from a sale and lease back transaction, the proceeds from the issuance of Class A Common Stock of \$34.5 million, \$21.0 million in proceeds from related party notes payable, and the proceeds from exercise of warrants totaling \$4.1 million, partially offset by issuance costs of \$2.5 million.

Net cash used in financing activities during the year ended December 31, 2022 primarily consists of cash payments of \$87.3 million for settling notes payable and accrued interest, \$0.5 million for settling related party notes payable and accrued interest, \$3.8 million for settling vendor payables in trust, \$1.9 million principal pay down for finance lease liabilities, and \$0.8 million for repurchase and retirement of Class A Common Stock. These were partially offset by \$73.8 million in proceeds from the issuance of notes payable net of original issuance discounts, \$9.5 million from the exercise of stock options and \$4.2 million in proceeds from the exercise of warrants.

Effect of Exchange Rate Changes on Cash and Restricted Cash

The exchange rates effect on cash and restricted cash was \$3.4 million and \$1.0 million for the years ended December 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 Yuan. Fluctuations in exchange rates against the U.S. Dollar may positively or negatively affect our operating results.

Off-Balance Sheet Arrangements

We did not have any material relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Thus, we did not have any off-balance sheet arrangements as of December 31, 2023 and 2022.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP generally accepted accounting principles. The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities, and the reported amounts of expenses during the reporting period. Management has based its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values that are not readily apparent from other sources.

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

For a description of our significant accounting policies, see *Note 1, Nature of Business and Organization, and Summary of Significant Accounting Policies* of the notes to Consolidated Financial Statements included elsewhere in this 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. Management believes the following critical accounting policies reflect the more significant estimates and assumptions used in the preparation of the Consolidated Financial Statements.

Description	Judgements and Uncertainties	Effect if Actual Results Differ from Assumptions
Fair Value of Warrants		
<p>FF has elected to measure certain warrants at fair value, mainly related to any related SPA notes. These warrants are liability classified instruments. Upon exercise, any difference between the fair value measurement and the exercise price would be recorded to the statement of operations.</p>	<p>FF estimates the fair value of warrants using a Monte Carlo simulation model where the significant assumptions used include the volatility of the FF's Class A Common Stock, the contractual term of the SPA Warrants, the risk-free rate and annual dividend yield. Fair value measurements associated with the liability-classified warrants represent Level 3 valuations under the fair value hierarchy.</p>	<p>These estimates involve inherent uncertainties and the application of management's judgment. If FF had made different assumptions, the fair value of warrants and effect on the statement of operations due to exercise could have been different.</p>
<p>Expected volatility of the Class A Common Stock— FF determines the expected volatility by weighing the historical average volatilities of publicly traded industry peers and its own trading history. FF intends to continue to consistently apply this methodology using the same or similar public companies until a sufficient amount of historical information regarding the volatility of the its own Class A Common Stock price becomes available, unless circumstances change such that the identified companies are no longer similar to FF, in which case more suitable companies whose stock prices are publicly available would be utilized in the calculation.</p>	<p>FF grant, while a decrease in these factors will have an opposite effect.</p> <p>Likewise, a decrease in volatility will decrease the estimated fair value of a stock option grant, while an increase in this factor will have the opposite effect.</p> <p>The Company does not expect to change the dividend yield assumption in the near future.</p>	<p>An increase in the risk-free interest rate will reduce the estimated fair value of a stock option grant, while a decrease in these factors will have an opposite effect.</p>
<p>Expectations around the full ratchet trigger — the warrants contain a provision to adjust the strike price if FF issues equity, under certain equity issuance mechanism, at a lower price. Management estimates the probability of this based on the current stock price.</p>		
<p>Risk-free interest rate — The risk-free interest rate used to value awards is based on the United States Treasury yield in effect at the time of grant for a period consistent with the expected term of the award.</p>		
<p>Dividend yield — The Company has never declared or paid any cash dividends and does not presently plan to pay cash dividends for the foreseeable future.</p>		

Description	Judgements and Uncertainties	Effect if Actual Results Differ from Assumptions
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Recognition and disclosure of contingent liabilities, including litigation reserves.

<p>FF 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.</p>	<p>Contingent liabilities, including litigation reserves involve a significant amount of judgment in determining whether a loss is probable and reasonably estimable due to the uncertainty involved in determining the likelihood of future events and estimating the financial statement impact of such events.</p>	<p>If further developments or resolutions of a contingent matter are not consistent with our assumptions and judgments, we may need to recognize a significant charge in a future period related to an existing contingent matter.</p>
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As of December 31, 2023 and 2022, FF had accrued legal contingencies of \$21.6 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, FF 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.

Description	Judgements and Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Fair Value Measurements and Fair Value of Related Party Notes Payable and Notes Payable</p>		
<p>The accounting guidance for financial instruments allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date.</p>	<p>Fair value measurement applies to financial assets and liabilities as well as other assets and liabilities carried at fair value on a recurring and nonrecurring basis. 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 at the measurement date. 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.</p>	<p>Certain of the related party notes payable and notes payable contain embedded liquidation premiums with conversion rights that represent embedded derivatives whose value is directly related to the fair value of the Common Stock. As the value of the Common Stock increases, the value of these related party notes payable and notes payable increases, and as the value of Common Stock decreases, the value of these related party notes payable and notes payable decrease.</p>
<p>FF has elected the fair value option for certain related party notes payable and notes payable with embedded derivatives.</p>	<p>When determining the fair value measurements for assets and liabilities required or permitted to be either recorded or disclosed at fair value, the Company considers the principal or most advantageous market in which the Company would transact and assumptions that market participants would use when pricing the asset or liability.</p>	
<p>FF has elected to measure certain notes payable and related party notes payable at fair value. Specifically, the SPA Notes as they contain embedded liquidation premiums with conversion rights that represent embedded derivatives (see Note 7, Notes Payable, Note 8, Related Party Transactions and Note 13, Fair Value of Financial Instruments). The Company used a binomial lattice model and discounted cash flow methodology to value the SPA Notes. The significant assumptions used in the models include the volatility of the Class A Common Stock, the Company's expectations around the full ratchet trigger, the Company's debt discount rate based on a CCC rating, annual dividend yield, and the expected life of the instrument.</p>	<p>The accounting guidance for fair value measurement requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:</p>	
	<p>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.</p>	
	<p>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.</p>	
	<p>Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, such as option pricing models, discounted cash flow models and 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.</p>	

Description	Judgements and Uncertainties	Effect if Actual Results Differ from Assumptions
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Impairment of Long-Lived Assets

<p>FF its long-lived assets, consisting primarily of property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an assets (or asset groups) may not be recoverable. FF performs impairment testing at the group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.</p>	<p>The recoverability of long-lived assets is determined by comparing the forecasted undiscounted cash flows attributable to such assets, including any cash flows upon their eventual disposition, to the assets carrying values. If the carrying value of the assets exceeds the forecasted undiscounted cash flows, then the assets are written down to their fair value.</p>	<p>Increases or decreases in cash flow assumptions could cause corresponding increases to or decreases to the estimates of undiscounted cash flow amounts. Decreases in cash flow assumptions could cause management to incorrectly conclude that the assets (or asset groups) in question may not be recoverable and an asset impairment could be required.</p>
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These forecasted undiscounted cash flows represent management's best estimates of the future outcomes. Assumptions that are significant to estimate the cash flows utilized include but are not limited to management's estimates of future production, sales revenue, lease revenue and all related costs as well as other assumptions such as future capital expenditures and volumetric growth rates.

Recent Accounting Pronouncements

See the sections titled "Recent Accounting Pronouncements" in Note 1, *Nature of Business and Organization, and Summary of Significant Accounting Policies* in our Consolidated Financial Statements included elsewhere in this Form 10-K for a discussion about our recently adopted accounting pronouncements and the recently issued accounting pronouncements not yet adopted which are determined to be applicable to us.

Item 7A. 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.”

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Audited Consolidated Financial Statements	
Report of Independent Registered Public Accounting Firm (PCAOB Firm ID 339)	109
Consolidated Balance Sheets as of December 31, 2023 and 2022	110
Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31, 2023 and 2022	111
Consolidated Statements of Stockholders' Equity for the years ended f December 31, 2023 and 2022	112
Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022	114
Notes to Consolidated Financial Statements	116

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Faraday Future Intelligent Electric Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Faraday Future Intelligent Electric Inc. and subsidiaries (the “Company”) as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive loss, stockholders’ equity, and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph Regarding Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2, Liquidity and Capital Resources and Going Concern in the consolidated financial statements, the Company has incurred operating losses since inception, has continued cash outflows from operating activities, and has an accumulated deficit. These conditions raise substantial doubt about its ability to continue as a going concern. Management’s plans regarding those matters also are described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Mazars USA LLP

We have served as the Company’s auditor since 2022.

New York, NY

May 28, 2024

Faraday Future Intelligent Electric Inc.
Consolidated Balance Sheets
Years Ended December 31, 2023 and 2022
(in thousands, except share and per share data)

	2023	2022
Assets		
Current assets		
Cash	\$ 1,898	\$ 16,968
Restricted cash	2,127	1,546
Accounts receivable, net	7	—
Inventory	34,229	4,457
Deposits	31,382	44,066
Other current assets	21,721	17,489
Total current assets	91,364	84,526
Property and equipment, net	417,812	406,320
Finance lease right-of-use assets	—	12,362
Operating lease right-of-use assets	16,486	19,588
Other non-current assets	4,877	6,492
Total assets	\$ 530,539	\$ 529,288
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 93,170	\$ 91,603
Accrued expenses and other current liabilities	62,391	65,709
Warrant liabilities	285	92,781
Related party warrant liabilities	21	—
Accrued interest	25	189
Related party accrued interest	753	—
Operating lease liabilities, current portion	3,621	2,538
Finance lease liabilities, current portion	—	1,364
Related party notes payable, current portion	9,760	8,964
Notes payable, current portion	91,150	5,097
Total current liabilities	261,176	268,245
Financial obligations on a sale and lease back transaction	25,483	—
Finance lease liabilities, less current portion	—	6,570
Operating lease liabilities, less current portion	14,306	18,044
Other liabilities	1,338	9,429
Related party notes payable, less current portion	—	—
Notes payable, less current portion	—	26,008
Total liabilities	302,303	328,296
Commitments and contingencies (Note 10)		
Stockholders' equity		
Class A Common Stock, \$0.0001 par value; 49,291,667 and 23,770,834 shares authorized; 42,433,025 and 2,347,276 shares issued and outstanding as of December 31, 2023 and 2022, respectively	4	—
Class B Common Stock, \$0.0001 par value; 2,187,500 and 312,500 shares authorized; 266,670 shares issued and outstanding as of December 31, 2023 and 2022	—	—
Preferred Stock, \$0.0001 par value, 10,000,000 shares authorized, zero share issued and outstanding as of December 31, 2023 and 2022	—	—
Additional paid-in capital	4,180,869	3,724,242
Accumulated other comprehensive gain	5,862	3,505
Accumulated deficit	(3,958,499)	(3,526,755)
Total stockholders' equity	228,236	200,992
Total liabilities and stockholders' equity	\$ 530,539	\$ 529,288

The accompanying notes are an integral part of these consolidated financial statements.

Faraday Future Intelligent Electric Inc.
Consolidated Statements of Operations and Comprehensive Loss
Years Ended December 31, 2023 and 2022
(in thousands, except share and per share data)

	2023	2022
Revenues		
Auto sales	\$ 784	\$ —
Cost of revenues		
Auto sales	42,607	—
Gross loss	(41,823)	—
Operating expenses		
Research and development	132,021	299,989
Sales and marketing	22,836	21,689
General and administrative	82,888	112,771
Loss on disposal of property and equipment	4,453	2,695
Change in fair value of earnout liability	2,033	—
Total operating expenses	244,231	437,144
Loss from operations	(286,054)	(437,144)
Change in fair value of notes payable and warrant liabilities	89,860	(70,512)
Change in fair value of related party notes payable and related party warrant liabilities	7,101	—
Loss on settlement of notes payable	(217,019)	(73,204)
Loss on settlement of related party notes payable	(20,045)	—
Interest expense	(2,288)	(5,561)
Related party interest expense	(753)	(3,879)
Other expense, net	(2,437)	(11,878)
Loss before income taxes	(431,635)	(602,178)
Income tax provision	(109)	(61)
Net loss	\$ (431,744)	\$ (602,239)
Per share information (Note 15):		
Net loss per share of Class A and B Common Stock attributable to common stockholders:		
Basic	(44.81)	\$ (393.56)
Diluted	(44.81)	\$ (393.56)
Weighted average common shares used in computing net loss per share of Class A and Class B Common Stock:		
Basic	9,634,759	1,530,227
Diluted	9,634,759	1,530,227
Total comprehensive loss		
Net loss	\$ (431,744)	\$ (602,239)
Foreign currency translation adjustment	2,357	10,450
Total comprehensive loss	\$ (429,387)	\$ (591,789)

The accompanying notes are an integral part of these consolidated financial statements.

Faraday Future Intelligent Electric Inc.
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2023 and 2022
(in thousands, except share data)

	Commitment to Issue Class A Common Stock		Common Stock				Additional Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Stockholder's Equity
			Class A		Class B					
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2021	—	—	702,887	\$ —	—	\$ —	\$ 3,482,244	\$ (6,945)	\$ (2,907,644)	\$ 567,655
Reclassification of obligation to issue registered shares of Class A Common Stock upon adoption of ASU 2020-06	—	32,900	—	—	—	—	—	—	(20,265)	(20,265)
Reclassification of deferred gain upon adoption of ASC 842	—	—	—	—	—	—	—	—	3,393	3,393
Conversion of notes payable into Class A Common Stock (Note 7)	—	—	1,071,008	—	—	—	164,068	—	—	164,068
Class A Common Stock to be delivered for conversion of notes payable (Note 7)	—	—	—	—	—	—	—	—	—	—
Issuance pursuant to commitment to issue registered shares	—	(32,900)	9,948	—	—	—	32,900	—	—	32,900
Stock-based compensation	—	—	—	—	—	—	17,664	—	—	17,664
Chongqing related party note payable restructuring (Note 8)	—	—	—	—	—	—	16,841	—	—	16,841
Exercise of stock options and settlement on restricted stock tax withholding	—	—	17,084	—	—	—	9,015	—	—	9,015
Exercise of warrants	—	—	121,261	—	—	—	7,419	—	—	7,419
Amended exercise price of ATW NPA warrants (Note 11)	—	—	—	—	—	—	1,238	—	—	1,238
Transfer of private warrants to unaffiliated parties	—	—	—	—	—	—	264	—	—	264
Repurchase and retirement of Class A Common Stock	—	—	(404)	—	—	—	(767)	—	—	(767)
Receipt of Class A Common Stock in consideration of exercises of options	—	—	(1,300)	—	—	—	(669)	—	—	(669)
Settlement on restricted stock tax withholding	—	—	—	—	—	—	—	—	—	—
Issuance of shares pursuant to the commitment to issue Class A and Class B Common Stock	—	—	371,468	—	266,670	—	—	—	—	—
Issuance of shares for restricted stock vesting	—	—	52,036	—	—	—	—	—	—	—
Liability for insufficient authorized shares related to stock options and RSUs	—	—	—	—	—	—	(3,977)	—	—	(3,977)
Liability for insufficient authorized shares related to earnout	—	—	—	—	—	—	(2,250)	—	—	(2,250)
Issuance of SEPA commitment shares of Class A Common Stock (see Note 13)	—	—	3,288	—	—	—	252	—	—	252
Balance as of Foreign currency translation adjustment	—	—	—	—	—	—	—	10,450	—	10,450
Net loss	—	—	—	—	—	—	—	—	(602,239)	(602,239)
Balance as of December 31, 2022	—	\$ —	2,347,276	\$ —	266,670	\$ —	\$ 3,724,242	\$ 3,505	\$ (3,526,755)	\$ 200,992

The accompanying notes are an integral part of these consolidated financial statements.

Faraday Future Intelligent Electric Inc.
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2023 and 2022
(in thousands, except share data)

	Common Stock				Additional Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Class A		Class B					
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2022	2,347,276	\$ —	266,670	\$ —	\$ 3,724,242	\$ 3,505	\$(3,526,755)	\$ 200,992
Conversion of notes payable and accrued interest into Class A Common Stock (Note 7)	25,025,903	3	—	—	360,665	—	—	360,668
Change in classification of warrants from Additional paid-in capital to liability pursuant to the Warrant Exchange (Note 7)	—	—	—	—	(6,811)	—	—	(6,811)
Reclassification of Feb. 28, 2023 earnout shares liability to equity due to authorized share increase (Note 10)	—	—	—	—	5,014	—	—	5,014
Reclassification of Feb. 28, 2023 stock-based awards liability to equity due to authorized share increase (Note 10)	—	—	—	—	8,978	—	—	8,978
Reclassification of earnout shares from equity to liability on April 21, 2023 due to insufficient authorized shares (Note 10)	—	—	—	—	(2,112)	—	—	(2,112)
Reclassification of stock-based awards from equity to liability on April 21, 2023 due to insufficient authorized shares (Note 10)	—	—	—	—	(2,979)	—	—	(2,979)
Reclassification of August 25, 2023 earnout shares liability to equity due to authorized share increase (Note 10)	—	—	—	—	1,381	—	—	1,381
Reclassification of August 25, 2023 stock-based awards liability to equity due to authorized share increase (Note 10)	—	—	—	—	2,043	—	—	2,043
Issuance of Common Stock	14,752,057	1	—	—	34,491	—	—	34,492
Reverse Stock split related round up share issuances	81,560	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	5,101	—	—	5,101
Exercise of warrants	213,037	—	—	—	51,276	—	—	51,276
Exercise of stock options	207	—	—	—	44	—	—	44
Issuance of shares for RSU vesting net of tax withholdings	14,016	—	—	—	(464)	—	—	(464)
Cancellations	(1,031)	—	—	—	—	—	—	—
Foreign Currency translation adjustment	—	—	—	—	—	2,357	—	2,357
Net loss	—	—	—	—	—	—	(431,744)	(431,744)
Balance as of December 31, 2023	<u>42,433,025</u>	<u>\$ 4</u>	<u>266,670</u>	<u>\$ —</u>	<u>\$ 4,180,869</u>	<u>\$ 5,862</u>	<u>\$(3,958,499)</u>	<u>\$ 228,236</u>

The accompanying notes are an integral part of these consolidated financial statements.

Faraday Future Intelligent Electric Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022
(in thousands)

	2023	2022
Cash flows from operating activities		
Net loss	\$ (431,744)	\$ (602,239)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization expense	42,473	2,975
Amortization of operating lease right-of-use assets and intangible assets	2,992	2,520
Stock-based compensation	9,167	17,664
Recognition of lease impairment from sale leaseback arrangement	5,173	—
Loss on disposal of property and equipment	4,453	2,695
Change in fair value measurement of related party notes payable and warrant liability	(7,101)	—
Change in fair value measurement of notes payable and warrant liability	(90,518)	70,500
Loss (gain) on foreign exchange	(2,068)	2,484
Loss (gain) on forgiveness of accounts payable and deposits, net (see Note 4)	408	5,200
Non-cash interest expense	—	8,403
Loss on extinguishment of related party notes payable and notes payable	237,064	73,204
Other	667	1,028
Changes in operating assets and liabilities:		
Inventory	(29,772)	(4,457)
Deposits	14,337	10,874
Other current and non-current assets	(2,884)	(5,243)
Accounts payable	13,785	60,369
Accrued expenses and other current and non-current liabilities	(42,481)	(14,947)
Operating lease liabilities	(2,717)	(1,620)
Accrued interest expense	588	(12,468)
Net cash used in operating activities	<u>(278,178)</u>	<u>(383,058)</u>
Cash flows from investing activities		
Payments for property and equipment	(31,109)	(123,222)
Net cash used in investing activities	<u>(31,109)</u>	<u>(123,222)</u>
Cash flows from financing activities		
Proceeds from a sale and lease back transaction	24,897	—
Proceeds from notes payable, net of original issuance discount	210,450	73,800
Proceeds from related party notes payable	21,008	—
Proceeds from exercise of stock options	44	9,535
Payments of notes payable issuance costs	(2,503)	(3,834)
Payments of notes payable, including liquidation premium	—	(87,279)
Payments of related party notes payable	—	(517)
Proceeds from exercise of warrants	4,074	4,229
Repurchase and retirement of Common Stock	—	(767)
Payments of finance lease obligations	(1,016)	(1,888)
Debt Conversion	—	—
Proceeds from issuance of Class A Common Stock	34,492	—
Net cash (used in) provided by financing activities	<u>291,446</u>	<u>(6,721)</u>
Effect of exchange rate changes on cash and restricted cash	3,352	1,038
Net (decrease) increase in cash and restricted cash	<u>(14,489)</u>	<u>(511,963)</u>
Cash and restricted cash, beginning of period	18,514	530,477
Cash and restricted cash, end of period	<u>\$ 4,025</u>	<u>\$ 18,514</u>

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

Faraday Future Intelligent Electric Inc.
Consolidated Statements of Cash Flows — (Continued)
Years Ended December 31, 2023 and 2022
(in thousands)

	2023	2022
Cash	\$ 1,898	\$ 16,968
Restricted cash	2,127	1,546
Total cash and restricted cash, end of period	\$ 4,025	\$ 18,514
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 465	\$ 13,577
Supplemental disclosure of noncash investing and financing activities		
Conversion of convertible note to equity	\$ 123,460	\$ 164,069
Additions of property and equipment included in accounts payable and accrued expenses	48,037	12,268
Issuance of SPA warrants, excluding Exchange Agreement (Note 7)	34,269	—
Issuance of Secured SPA Notes pursuant to the Exchange Agreement (Note 7)	16,500	—
Conversion of related party notes payable and related party accrued interest into Class A Common Stock	12,662	—
Reclassification of Feb. 28, 2023 stock-based awards liability to equity due to authorized share increase	8,978	—
Reclassification of warrants from equity to liability	6,811	—
Reclassification of Feb. 28, 2023 earnout shares liability to equity due to authorized share increase	5,014	—
Reclassification of stock-based awards from equity to liability on April 21, 2023 due to insufficient authorized shares	2,979	—
Reclassification of earnout shares from equity to liability on April 21, 2023 due to insufficient authorized shares	2,112	—
Reclassification of August 25, 2023 stock-based awards liability to equity due to authorized share increase	2,043	—
Reclassification of August 25, 2023 earnout shares liability to equity due to authorized share increase	1,381	—
Reduction in Warrants pursuant to the Exchange Agreement (Note 7)	16,506	—
Write off of a finance lease pursuant to a sale and lease back transaction	6,917	—
Issuance pursuant to commitment to issue registered shares	—	32,900
Recognition of operating ROU assets and lease liabilities as part of the adoption of ASC 842 and for new operating leases entered into during the year ended December 31, 2022	—	21,865
Troubled debt restructuring accounted for as a capital transaction	—	16,841
Issuance of warrants	—	9,938
Liability for insufficient authorized shares related to stock options and restricted stock units	—	3,976
Liability for insufficient authorized shares related to earnout	—	2,250
Settlement of finance leases with prepaid deposit	—	709
Receipt of class A Common Stock in consideration of exercises of options	—	669
Transfer of private warrants to unaffiliated parties	—	264

The accompanying notes are an integral part of these consolidated financial statements.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

1. Nature of Business and Organization, Basis of Presentation and Summary of Significant Accounting Policies

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.

The Company operates in a single operating segment and designs and engineers next-generation, intelligent, electric vehicles. The Company is manufacturing vehicles at the FF ieFactory 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 Consolidated Financial Statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) and include the accounts of the Company, its wholly-owned subsidiaries and all other entities in which the Company has a controlling financial interest, including the accounts of any variable interest entity, in which the Company has a controlling financial interest and for which it is the primary beneficiary. All intercompany transactions and balances have been eliminated upon consolidation.

Foreign Currency

The Company determines the functional and reporting currency of each of its international subsidiaries based on the primary currency in which they operate. The functional currency of the Company’s foreign subsidiaries in China is their local currency, Chinese Yuan (“CNY”). For foreign subsidiaries where the functional currency is their local currency, assets and liabilities are translated into U.S. Dollars at exchange rates in effect at the balance sheet date, stockholders’ equity (deficit) is translated at the applicable historical exchange rate, and expenses are translated using the average exchange rates during the period. The effect of exchange rate changes resulting from the translation of the foreign subsidiary financial statements is accounted for as a component of accumulated other comprehensive loss on the Consolidated Balance Sheets.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts in the Consolidated 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) recognition and disclosure of contingent liabilities, including litigation reserves; (ii) fair value of related party notes payable and notes payable; (iii) calculations related to the evaluation of possible long term asset impairment; (iv) the valuation of warrants. Such estimates often require the selection of appropriate valuation methodologies and financial models and may involve significant judgment in evaluating ranges of assumptions and financial inputs. Actual results may differ from those estimates under different assumptions, financial inputs, or circumstances.

Given the global economic climate, estimates are subject to additional volatility. As of the date the Company’s Consolidated Financial Statements were issued, the Company is not aware of any specific event or circumstance that would require an update to 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, which may result in changes being recognized in the Company’s Consolidated Financial Statements in future periods. Actual results could differ from those estimates and any such differences may have a material impact on the Company’s Consolidated Financial Statements.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of 90 days or less from the date of purchase to be cash equivalents.

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 at the measurement date. 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. When determining the fair value measurements for assets and liabilities required or permitted to be either recorded or disclosed at fair value, the Company considers the principal or most advantageous market in which the Company would transact and assumptions that market participants would use when pricing the asset or liability.

The accounting guidance for fair value measurement requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The fair value hierarchy is 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 and 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.

ASC 825-10, *Financial Instruments*, allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value ("fair value option"). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument are reported in earnings at each subsequent reporting date. The Company has elected to apply the fair value option to certain related party notes payable and notes payable with conversion features as discussed in *Note 13, Fair Value of Financial Instruments*. The Company did not separately report interest expense attributable to the notes payable accounted for pursuant to the fair value option in the Consolidated Statements of Operations and Comprehensive Income (Loss) because such interest was included in the determination of the fair value of the notes payable and changes thereto.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

Concentration of Risk

Financial instruments, which subject the Company to concentrations of credit risk, consist primarily of cash, restricted cash, and deposits. Substantially all of the Company's cash and restricted cash is held at financial institutions located in the United States of America and in the People's Republic of China. The Company maintains its cash and restricted cash with major financial institutions. At times, cash and restricted cash account balances with any one financial institution may exceed Federal Deposit Insurance Corporation insurance limits (\$250 per depositor per institution) and China Deposit Insurance Regulations limits (CNY 500 per depositor per institution). Management believes the financial institutions that hold the Company's cash and restricted cash are financially sound and, accordingly, minimal credit risk exists with respect to cash and restricted cash. Cash and restricted cash held by the Company's non-U.S. subsidiaries is subject to foreign currency fluctuations against the U.S. Dollar. If, however, the U.S. Dollar is devalued significantly against the Chinese Yuan, the Company's cost to develop its business in China could exceed original estimates.

The Company receives certain components from sole suppliers. The inability of a supplier to fulfill the Company's supply requirements could materially impact future operating results.

Revenue Recognition

Automotive sales and leasing revenue was \$0.8 million and less than \$0.1 million, respectively, for the year ended December 31, 2023. Services and other revenue was immaterial for the year ended December 31, 2023. There were neither sales and leasing revenue nor services and other revenue recognized for the year ended December 31, 2022.

Automotive Sales Revenue

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

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

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

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

The Company provides its customers with a residual value guarantee which may or may not be exercised in the future. The impact of such residual value guarantees was immaterial to the Company's Consolidated Statements of Operations and Comprehensive Loss for the year ended December 31, 2023.

Co-creation Arrangements

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

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

performed by the customer are considered consideration paid to the customer and was treated as a reduction in revenue. For the period ended December 31, 2023, approximately \$0.4 million was incurred as co-creation fees and was recorded within R&D expenses and sales and marketing expenses in the accompanying Consolidated Financial Statements. For the period ended December 31, 2023, approximately \$0.4 million was recorded as a reduction to revenue.

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

Automotive Leasing Revenue

Operating Leasing Program

The Company has outstanding leases under its vehicle operating leasing program in the U.S. Qualifying customers are permitted to lease a vehicle directly from the Company for up to 36 months. At the end of the lease term, customers are generally required to return the vehicle to the Company. We account for these leasing transactions as operating leases. The Company records leasing revenues to automotive leasing revenue on a straight-line basis over the contractual term, and it records the depreciation of these vehicles to cost of automotive leasing revenue. For the year ended December 31, 2023, the Company recognized less than \$0.1 million of revenue for this program. As of December 31, 2023, deferred lease-related upfront payments which will be recognized on a straight-line basis over the contractual terms of the individual leases were immaterial. The Company's policy is to exclude taxes collected from a customer from the transaction price of automotive contracts.

Sales-Type Leasing Program

The Company has outstanding leases accounted for as sales-type leases under ASC 842. Customers have the right to purchase the vehicle at the end of the lease term, which is usually 36 months. A customer qualifies under this program if the purchase option is reasonably certain to be exercised, and the Company therefore expects the customer to take title to the vehicle at the end of the lease term after making all contractual payments. The Company recognizes all revenue and costs associated with the sales-type lease as automotive leasing revenue and automotive leasing cost of revenue, respectively, upon delivery of the vehicle to the customer when collectability of lease payments is probable at lease commencement. If collectability of lease payments is not probable at commencement, the Company recognizes the lease payments as deposit liability and does not derecognize the leased vehicle until such point that collectability of lease payments becomes probable. For the year ended December 31, 2023, the Company recognized less than \$0.1 million of revenue under this program.

Customer Deposits and Deferred Revenue

The Company's customers may reserve a vehicle and preorder certain services by making a customer deposit, which is fully refundable at any time. Refundable deposits, for vehicle reservations and services, received from customers prior to an executed vehicle purchase agreement are recorded as customer deposits (Accrued expenses and other current liabilities).

Customer deposits were \$3.2 million and \$3.4 million as of December 31, 2023 and 2022, respectively. When vehicle purchase agreements are executed, the consideration for the vehicle and any accompanying products and services must be paid in advance prior to the transfer of products or services by the Company. Such advance payments are considered non-refundable, and the Company defers revenue related to any products or services that are not yet transferred.

Deferred revenue is equivalent to the total transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, as of the balance sheet date. Deferred revenue related to products and services was immaterial as of December 31, 2023, and 2022.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

Warranties

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

(in thousands)

	2023	2022
Accrued warranty- beginning of period	\$ —	\$ —
Provision for warranty	731	—
Warranty costs incurred	(47)	—
Accrued warranty- end of period	\$ 684	\$ —

*Cost of Revenue**Automotive Sales Revenue*

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

Cost of services and other revenue includes costs associated with providing non-warranty after-sales services, costs for retail merchandise, and costs to provide vehicle insurance. Cost of services and other revenue also includes direct parts and material. Cost of services and other revenue was immaterial for the years ended December 31, 2023 and 2022.

Automotive Leasing Program

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

Inventory and Inventory Valuation

Inventory is stated at the lower of cost or net realizable value 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 basis. Net realizable value 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.

Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation and amortization. Expenditures for major renewals and betterments are capitalized, while minor replacements, maintenance and repairs, which do not extend the assets lives, are charged to operating expense as incurred. Upon sale or disposition, the cost and related accumulated depreciation or

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

amortization are removed from the Consolidated Balance Sheets and any gain or loss is included in the Consolidated Statements of Operations and Comprehensive Loss.

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

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

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

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

Impairment of Long-Lived Assets

The Company reviews its long-lived assets, consisting primarily of property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an assets (or asset groups) may not be recoverable. The Company performs impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Recoverability of these assets is determined by comparing the forecasted undiscounted cash flows attributable to such assets, including any cash flows upon their eventual disposition, to the assets carrying values. If the carrying value of the assets exceeds the forecasted undiscounted cash flows, then the assets are written down to their fair value. Assets classified as held for sale are also assessed for impairment and such amounts are determined at the lower of the carrying amount or fair value, less costs to sell the asset. No impairment charges were recorded during the years ended December 31, 2023 and 2022. See Note 5, *Property and Equipment, Net* for a discussion of disposals of CIP during the year ended December 31, 2023 and 2022.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss encompasses all changes in equity other than those arising from transactions with stockholders. Elements of the Company’s accumulated other comprehensive loss are reported in the Consolidated Statements of Stockholders’ Equity (deficit) and consists of equity-related foreign currency translation adjustments, which are presented in the Consolidated Statements of Operations and Comprehensive Loss.

Research and Development

R&D costs are expensed as incurred and are primarily comprised of personnel-related costs (including salaries, bonuses, benefits, and stock-based compensation) for employees focused on R&D activities, other related costs, license fees, and depreciation and amortization. The Company’s R&D efforts are focused on design and development of the Company’s electric vehicles and continuing to prepare the Company’s prototype electric vehicle to achieve industry standards. Advanced payments for items and services related to R&D activities have been classified as Deposits on the Consolidated Balance Sheets and are

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

included in operating activities on the Company's Consolidated Statements of Cash Flows. The Company expenses deposits as the services are provided and prototype parts are received.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel-related costs (including salaries, bonuses, benefits, and stock-based compensation) for employees focused on sales and marketing, and direct costs associated with sales and marketing activities. Marketing activities include expenses to introduce the brand and the FF 91 to the market. Advertising costs were immaterial for the years ended December 31, 2023 and 2022.

Stock-Based Compensation

The Company's stock-based compensation awards consist of stock options and restricted stock units ("RSUs") granted to employees, directors and non-employees for the purchase of Common Stock. The Company recognizes stock-based compensation expense in accordance with the provisions of ASC 718, *Compensation — Stock Compensation* ("ASC 718"). ASC 718 requires the measurement and recognition of compensation expense for all stock-based compensation awards based on the grant date fair values of the awards.

The Company estimates the fair value of stock options using the Black-Scholes option pricing model. For options with service conditions, the value of the award is recognized as expense over the requisite service period on a straight-line basis. For performance-based awards, stock-based compensation expense is recognized over the expected performance achievement period of individual performance milestones when the achievement of each individual performance milestone becomes probable.

Determining the grant date fair value of the awards using the Black-Scholes option pricing model requires management to make assumptions and judgments, including, but not limited to the following:

Expected term — The estimate of the expected term of awards was determined in accordance with the simplified method, which estimates the term based on an averaging of the vesting period and contractual term of the option grant for employee awards. The Company uses the contractual term for non-employee awards.

Expected volatility — The Company determines the expected volatility by weighing the historical average volatilities of publicly traded industry peers and its own trading history. FF intends to continue to consistently apply this methodology using the same or similar public companies until a sufficient amount of historical information regarding the volatility of the Company's own Class A Common Stock price becomes available, unless circumstances change such that the identified companies are no longer similar to FF, in which case more suitable companies whose stock prices are publicly available would be utilized in the calculation.

Risk-free interest rate — The risk-free interest rate used to value awards is based on the United States Treasury yield in effect at the time of grant for a period consistent with the expected term of the award.

Dividend yield — The Company has never declared or paid any cash dividends and does not presently plan to pay cash dividends for the foreseeable future.

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 Consolidated Statement of Operations and Comprehensive Loss.

Fair value of Common Stock — The closing price of the Company's Class A Common Stock on Nasdaq is used as the fair value of the Common Stock.

Income Taxes

The Company accounts for its income taxes using the asset and liability method whereby deferred tax assets and liabilities are determined based on temporary differences between the basis used for financial reporting and income tax reporting purposes. Deferred income taxes are provided based on the enacted tax rates in effect at the time such temporary differences are expected to reverse. A valuation allowance is provided for deferred tax assets if it is more likely than not that the

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

Company will not realize those tax assets through future operations. The carrying value of deferred tax assets reflects an amount that is more likely than not to be realized. As of December 31, 2023 and 2022, the Company had recorded a full valuation allowance on net deferred tax assets because the Company expects it is more likely than not that the net deferred tax assets will not be realized.

The Company utilizes the guidance in ASC 740-10, *Income Taxes*, to account for uncertain tax positions. ASC 740-10 contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the positions will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more likely than not of being realized and effectively settled. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and may not accurately forecast actual outcomes.

The Company recognizes interest and penalties on unrecognized tax benefits as a component of income tax expense. There were no material such interest or penalties for the years ended December 31, 2023 and 2022.

Segments

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the CODM in deciding how to allocate resources to an individual segment and in assessing performance. The Company has determined that both its Global CEO and Chief Product and User Ecosystem Officer are its co-CODMs. The Company has determined that it operates in one operating segment and one reportable segment, as the co-CODM 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 has only recently entered the revenue generating operating stage, it currently has no significant concentration exposure to products, services or customers.

Reclassifications

Certain reclassifications have been made to the prior period in the accompanying Consolidated Financial Statements to conform with the current presentation. Inventory and Finance lease right-of-use assets are now separately presented in the Consolidated Balance Sheets, as they were previously included in Other current assets and Property and equipment, net, respectively (see Note 4, *Deposits and Other Current Assets* and Note 5, *Property and Equipment, Net*). In addition, the Buildings and Leasehold improvements within Property and equipment, net (see Note 5, *Property and Equipment, Net*) have been combined and included in Land, buildings and leasehold improvements, as they were previously presented separately. On the Consolidated Statement of Cash Flows, changes in Inventory is now separately presented under Changes in operating assets and liabilities instead of being combined with Other current and non-current assets and the change in fair value measurement of notes payable and warrant liability are presented as a single amount as a item to reconcile net income to cash flow from operating activities.

Reverse Stock Splits and Recasting of Per-Share Amounts

On August 22, 2023, the Board approved the implementation of a 1-for-80 reverse stock split (the "Reverse Stock Split") of the Common Stock and set the number of authorized shares of Common Stock to 154,437,500 (which is 12,355,000,000 divided by 80). The Reverse Stock Split was effected after market close on August 25, 2023, and shares of the Class A Common Stock and publicly traded warrants (the "Public Warrants") began trading on a split-adjusted basis as of market open on August 28, 2023. As approved by the Company's stockholders at a special meeting held on February 5, 2024, the Company filed an amendment to the Company's Third Amended and Restated Certificate of Incorporation, as amended, with the office of the Secretary of the State of Delaware to effect an increase in the number of authorized shares of Common Stock from 154,437,500 to 1,389,937,500.

On February 23, 2024, the Board approved the implementation of a 1-for-3 reverse stock split (the "Second Reverse Stock Split") of the Common Stock and set the number of authorized shares of Common Stock to 463,312,500 (which is 1,389,937,500 divided by 3). The Second Reverse Stock Split was effected after market close on February 29, 2024, and shares of the Class A Common Stock par value \$0.0001 per share and the Public Warrants began trading on a split-adjusted basis as of market open on March 1, 2024.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

All shares of Common Stock, Public Warrants, stock-based compensation awards, earnout shares and per share amounts contained in the Consolidated Financial Statements and accompanying notes have been retroactively adjusted to reflect the Reverse Stock Split and Second Reverse Stock Split. In addition, proportionate adjustments were made to the number of shares of Class A Common Stock issuable upon exercise or conversion of the Company's outstanding convertible debt securities and warrants, as well as the applicable exercise or conversion prices. See Note 10, *Stockholders' Equity*, and Note 11, *Stock-Based Compensation*, for further discussion regarding the Reverse Stock Split and the second Reverse Stock Split.

Recent Accounting Pronouncements

Recently issued accounting pronouncements not yet adopted

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

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

2. Liquidity and Capital Resources and Going Concern

The Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the 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 Consolidated Financial Statements were issued.

The Consolidated Financial Statements do not include any adjustments that might result from the outcome of this uncertainty. Accordingly, the 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.

The Company has and will continue to devote substantial effort and, to the extent available, capital resources, to strategic planning, engineering, design, and development of its electric vehicle platform, development of vehicle models, finalizing the build out of the FF ieFactory California manufacturing facility, and capital raising. The Company incurred cumulative losses from operations, negative cash flows from operating activities, and has an accumulated deficit of \$3,958.5 million, an unrestricted cash balance of \$1.9 million and a negative working capital position of \$169.8 million as of December 31, 2023. During 2023, the Company delivered its first vehicles but expects to continue to generate significant operating losses for the foreseeable future. The Company has funded its operations and capital needs primarily through the issuance of related party notes payable and notes payable (see Note 7, *Notes Payable* and Note 8, *Related Party Transactions*), convertible notes, and the sale of common stock.

Pursuant to the the Secured SPA, the Unsecured SPA, the Unsecured Streeterville SPA, the FFVV Joinder, and the Senyun Joinder (collectively the "SPA Commitments") (see Note 7, *Notes Payable* and Note 8, *Related Party Transactions*),

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

the Company obtained commitments from several investors. At December 31, 2023, the SPA Commitments totaled \$554.5 million, of which \$343.2 million was funded, \$211.3 million remained to be funded, and \$112.9 million in principal was outstanding. At December 31, 2023, Optional Commitments under the SPA Commitments totaled \$366.0 million, of which \$39.0 million was funded, \$327.0 million remained to be funded, and \$1.0 million was outstanding. The remaining amounts to be funded as of December 31, 2023, are subject to the achievement of delivery milestones, satisfaction of closing conditions, resolving disputes with investors, and satisfaction or waiver of other conditions, including for a portion of such financing an effective registration statement for the shares underlying the applicable notes.

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

On November 11, 2022, the Company entered into the SEPA. Under terms of the SEPA, the Company may, at its option, issue and sell from time to time up to \$200.0 million (which can be increased up to \$350.0 million in the aggregate under the Company's option) of common stock to an affiliate of Yorkville Advisors, subject to certain limitations. As of December 31, 2023, the Company had the right to issue and sell up to an additional \$192.5 million, or \$342.5 million if the Company exercises its option under the SEPA.

On June 16, 2023, the Company filed a shelf registration on Form S-3 with the SEC (the "Shelf Registration"), which was declared effective by the SEC on June 28, 2023. As a result, the Company may from time-to-time issue up to \$300.0 million of common stock and/or warrants in the aggregate. (Note 11, *Stockholders' Equity*) As of December 31, 2023, FF had the right to sell up to \$271.9 million under the Shelf Registration. Under applicable SEC rules and regulations, because FF failed to timely file this Form 10-K it is not S-3 eligible and the Shelf Registration Statement is no longer effective.

In addition, on September 26, 2023, the Company also entered into a sales agreement with Stifel, Nicolaus & Company, Incorporated, B. Riley Securities, Inc., A.G.P./Alliance Global Partners, Wedbush Securities Inc. and Maxim Group LLC, as sales agents, to sell shares of Class A Common Stock, from time to time, with aggregate gross sales proceeds of up to \$90.0 million pursuant to the Registration Statement as an "at-the-market" offering under the Securities Act (the "ATM Program"). The ATM Program has been the primary source of liquidity for the Company since September 2023. Under applicable SEC rules and regulations, because FF failed to timely file this Form 10-K, it is not S-3 eligible and cannot access the ATM Program.

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

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

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

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

Company's remaining product portfolio will highly depend on the market success and profitability of the FF 91 and the Company's ability to accurately estimate and control costs. Apart from the FF 91 series, substantial additional capital would be required to fund operations, research, development, and design efforts for future vehicles.

As of and since December 31, 2023, the Company was and has been in default on the SPA Commitments and the Company is presenting the related notes as current. Since April 2023, the Company has been in breach of its debt agreement with Chongqing Leshi Small Loan Co., Ltd., a related party, with an outstanding principal balance of \$4.5 million. As a result of the default, the interest rate on the outstanding principal balance has increased to a rate of 18% per annum until the event of default is no longer applicable.

3. Inventory

<i>(in thousands)</i>	2023	2022
Raw materials (net of reserves)	\$ 33,345	\$ 4,457
Work in progress	572	—
Finished goods	312	—
Total inventory	<u>\$ 34,229</u>	<u>\$ 4,457</u>

The increase in inventory is due to the start of production on March 29, 2023. The inventory reserve was \$2.8 million and zero as of December 31, 2023 and 2022, respectively.

4. Deposits and Other Current Assets

Deposits and other current assets consists of the following as of December 31 (dollars in thousands):

<i>(in thousands)</i>	2023	2022
Deposits		
Deposits for research and development, prototype and production parts, and other	\$ 28,609	\$ 40,879
Deposits for goods and services yet to be received ("Future Work")	2,773	3,187
Total deposits	<u>\$ 31,382</u>	<u>\$ 44,066</u>
Other current assets		
Prepaid expenses	\$ 13,309	\$ 14,437
Other current assets	8,412	\$ 3,052
Total other current assets	<u>\$ 21,721</u>	<u>\$ 17,489</u>

Deposits for R&D, prototype and production parts, and other are recognized and reported as R&D expenses in the Consolidated Statement of Operations and Comprehensive Loss when services are provided or as prototype parts are received. In addition, during the years ended December 31, 2023 and 2022, the Company made deposits for inventory and property and equipment items which are classified out of Deposits upon receipt of title.

Prepaid expenses primarily consist of software subscriptions and insurance, and Other current assets includes certain deferred expenses. As of December 31, 2023 and 2022, Other current assets also includes an insurance receivable relating to a legal settlement with a corresponding liability recognized in Accrued expenses and other current liabilities.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

5. Property and Equipment, Net

Property and equipment, net, consists of the following as of December 31 (dollars in thousands):

	2023	2022
Land, buildings and leasehold improvements	\$ 103,522	\$ 5,598
Computer hardware	2,195	3,112
Tooling, machinery and equipment	318,301	9,542
Vehicles	669	337
Lease vehicles	1,873	—
Computer software	4,301	4,212
Construction in process	36,491	393,814
Less: Accumulated depreciation	(49,540)	(10,295)
Total property and equipment, net	\$ 417,812	\$ 406,320

The Company's CIP is primarily related to the construction of tooling, machinery and equipment for the FF ieFactory California. Tooling, machinery, and equipment are either held at Company facilities, primarily FF ieFactory California, or at the vendor's location until the tooling, machinery and equipment is completed. Of the \$36.5 million and \$393.8 million of CIP, \$4.8 million and \$195.7 million is held at Company facilities and \$31.7 million and \$198.1 million is held at vendor locations as of December 31, 2023 and 2022, respectively.

Depreciation and amortization expense totaled \$42.5 million and \$3.0 million for the years ended December 31, 2023 and 2022, respectively.

Due to the build out of the FF ieFactory California, the Company has an asset retirement obligation ("ARO") totaling \$0.7 million and \$9.4 million for the years ended December 31, 2023 and 2022, respectively. The ARO is recorded to Other liability, less current portion with a corresponding ARO asset within Land, buildings and leasehold improvements and Tooling, machinery, and equipment. The ARO asset is depreciated to operating expense over the remaining term of the lease through December 2027.

During 2023 and 2022, the Company disposed of \$4.6 million and \$9.6 million, respectively, of CIP relating to the abandonment of certain FF 91 program assets, primarily vendor tooling, machinery and equipment, due to the redesign of the related FF 91 components and implementation of the Company's cost reduction program. Disposals of CIP of \$4.6 million and \$3.7 million were charged to operating expenses in the Consolidated Statements of Operations and Comprehensive Loss during the year ended December 31, 2023 and 2022, respectively. In addition, there were disposals of CIP of \$5.9 million for the year ended December 31, 2022, which reduced Accounts payable in the Consolidated Balance Sheet as of December 31, 2022.

6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following as of December 31 (dollars in thousands):

	2023	2022
Accrued payroll and benefits	\$ 28,037	\$ 20,502
Accrued legal contingencies	21,590	18,940
Other current liabilities	12,764	26,267
Total accrued expenses and other current liabilities	\$ 62,391	\$ 65,709

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

7. Notes Payable

The Company has entered into notes payable agreements with third parties, which consist of the following as of December 31, 2023 and 2022:

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

* includes amounts attributed to the Unsecured Streeterville SPA

December 31, 2022						
<i>(in thousands)</i>	Contractual Maturity Date	Contractual Interest Rates	Unpaid Principal Balance	Fair Value Measurement Adjustments	Original Issue Discount and Proceeds Allocated to Warrants	Net Carrying Value
Secured SPA Notes	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
			<u>\$ 41,719</u>	<u>\$ 264</u>	<u>\$ (10,878)</u>	<u>31,105</u>
Less: Notes payable, current portion						<u>(5,097)</u>
Total: Notes payable, less current portion						<u>\$ 26,008</u>

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

Secured and Unsecured SPA Notes

On August 14, 2022, the Company entered into a securities purchase agreement (as amended from time to time, the “Secured SPA”) with FF Simplicity Ventures LLC (“FFSV”) as administrative agent, collateral agent and purchaser, and certain additional purchasers (collectively the “Secured SPA Purchasers”) to issue and sell the Company’s senior secured convertible notes (the “Secured SPA Notes”). The Secured SPA Notes were to originally be issued in three tranches aggregating to \$52.0 million in principal with a four year maturity. The Secured SPA Notes were subsequently amended multiple times, as further described below.

On May 8, 2023, as further described below, the Company entered into a securities purchase agreement (as amended from time to time, the “Unsecured SPA”) with MHL and VW Investments (together with the other purchasers, the “Unsecured SPA Purchasers”) to issue and sell \$100.0 million aggregate principal of the Company’s senior unsecured convertible notes (the “Unsecured SPA Notes” and, together with the Secured SPA Notes, the “SPA Notes”). In August 2023, as further described below, the Company entered into the Unsecured Streeterville SPA (collectively included with the Unsecured SPA, Unsecured SPA Notes and SPA Warrants in future references), as part of its issuance of the Unsecured SPA Notes. The terms of the Secured SPA Notes and Unsecured SPA Notes are generally the same, however, the Secured SPA Notes are secured by the grant of a second lien upon substantially all of the personal and real property of the Company and its subsidiaries, as well as guarantee by substantially all of the Company’s domestic subsidiaries.

The SPA Notes are generally subject to an original issue discount of 10%, and are convertible, along with any interest accrued, into shares of Class A Common Stock at the Conversion Price (as defined in each SPA Note), subject to full ratchet anti-dilution price protection. The conversion price for the SPA Notes is \$0.73 as of December 31, 2023, which represents an amended and reduced conversion price due to the full ratchet price protections, as described below.

The SPA Notes bear interest at 10% per annum (or 15% if interest or settlement is paid in shares). Generally the SPA Notes require interest to be paid on each conversion date and on the maturity date in cash or in shares of Class A Common Stock. Certain SPA Notes require the payment of interest in cash or shares of Class A Common Stock on a quarterly basis. Unless earlier paid, the SPA 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. The conversion price for the Make-Whole Amount is the greater of (a) the floor price, which is \$10.90 as of December 31, 2023 or (b) 90% of the lowest volume-weighted average price (“VWAP”) for the five consecutive trading days. 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.

Each original Secured SPA Purchaser has the option within 12 months from November 12, 2022 to purchase additional Secured SPA Notes under similar terms (the “Tranche B Notes”) (see Note 2, *Liquidity and Capital Resources*, for detailed discussion on commitments to fund additional Secured SPA Notes).

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

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

First Secured SPA Amendment

On September 23, 2022, the Secured SPA was amended (the “First Secured SPA Amendment”), pursuant to which the existing Secured SPA Purchasers agreed to accelerate their funding obligations. The First Secured SPA Amendment modified the conversion price from \$645.40 to \$252.00 per share. All of the other terms and conditions of the Secured SPA Notes were unchanged.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

The Company evaluated the First Secured SPA Amendment in accordance with ASC 470-50, *Debt-Modifications and Extinguishments*, and determined that it constitutes an extinguishment because the change in the fair value of the conversion feature is substantial. Accordingly, the Company recognized a loss on extinguishment in Loss on settlement of notes payable in the Consolidated Statements of Operations and Comprehensive Loss in the amount of \$7.7 million, calculated as the difference between the reacquisition price of the debt and the net carrying amount of the Secured SPA Notes.

Joinder and Amendment Agreement with Senyun.

On September 25, 2022, the Company entered into a Joinder and Amendment Agreement (the “Joinder”) with Senyun, the Agent, as administrative agent, collateral agent, and purchaser, and RAAJJ), pursuant to which Senyun agreed to purchase Secured SPA Notes in an aggregate principal amount of up to \$60.0 million in installments.

Third and Fourth Secured SPA Amendments

On October 24, 2022, the Company entered into a Limited Consent and Third Amendment to the Secured SPA (the “Third Secured SPA Amendment”) with the existing Secured SPA Purchasers, pursuant to which the maturity date for the Secured SPA Notes was extended from August 14, 2026 to October 27, 2028. In addition, pursuant to the Third Secured SPA Amendment, each Secured SPA Purchaser and the Agent (as defined in the First Secured SPA Amendment) waived certain defaults and events of default under the Secured SPA, any notes issued pursuant to the Secured SPA, and other related documents. The Third Secured SPA 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 Third Secured SPA 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 Secured SPA (the “Fourth Secured SPA 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 be lower than \$50.40 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 \$50.40 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 Fourth Secured SPA 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 Fourth Secured SPA 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.

Senyun Amendment

On December 28, 2022, the Company entered into a Letter Agreement and Amendment to the Secured SPA (the “Senyun Amendment”) with Senyun pursuant to which the conversion rate of notes totaling \$19.0 million was lowered from \$252.00 to \$214.20 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 as the underlying debt instruments were extinguished on the date the Senyun Amendment was entered into. The Company remitted the shares to Senyun in March 2023.

Sixth Secured SPA Amendment

On February 3, 2023, the Company entered into a sixth amendment to the Secured SPA (the “Sixth Secured SPA Amendment”) with certain Secured SPA Purchasers, in which the Company agreed to sell up to \$135.0 million in aggregate

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

principal (the “Tranche C Notes”) with terms largely congruent to prior issuances and a \$252.00 base conversion price subject to full ratchet anti-dilution price protection. Each applicable Secured SPA Purchaser has the option to purchase additional Secured SPA Notes on the same terms as the Tranche C Notes in an amount not to exceed 50% of the initial principal amount of the Tranche C Notes issued to each applicable Secured SPA Purchaser (the “Tranche D Notes”).

Pursuant to the Sixth Secured SPA Amendment, certain outstanding Secured SPA Notes issued by the Company to Secured SPA Purchasers with an aggregate outstanding principal amount of \$31.0 million were replaced by the same principal amount of new notes with a \$214.20 base conversion price. In accordance with ASC 470-50, *Debt— Modifications and Extinguishments*, the change in conversion price qualifies as an extinguishment because the change in the fair value of the conversion feature was substantial. Accordingly, the Company recognized a Loss on settlement of notes payable in the Consolidated Statements of Operations and Comprehensive Loss in the amount of \$3.0 million, calculated as the difference between the reacquisition price of the debt and the net carrying amount of the Secured SPA Notes.

Pursuant to the Sixth Secured SPA Amendment, the Company entered into an agreement with certain Secured SPA Purchasers (the “Exchange Agreement”) holding a total of 825,542 warrants to exchange them for an aggregate 377,039 warrants and convertible notes (the “Exchange Notes”) with a principal balance totaling \$41.0 million. The issued warrants have terms that limit down-round ratchet clauses to price adjustments only. The Exchange Notes mature on February 3, 2025, bear interest at 11% per annum, have no original issuance discount, do not have a fixed price conversion, and convert using a VWAP calculation as described in the Exchange Agreement. The remainder of the terms of the Exchange Notes are largely congruent to the existing Secured SPA Notes, including most-favored nation rights. In connection with the Exchange Agreement, equity-classified warrants were exchanged for warrants which qualify for liability classification per ASC 480, *Distinguishing Liabilities from Equity*, and were reclassified from equity to Warrant liabilities during the period in an amount totaling \$6.8 million (the “Warrant Exchange”). As a result of the transaction the Company did not recognize a gain or loss in the Consolidated Statements of Operations and Comprehensive Loss, as the fair value of the instruments exchanged and received were approximately the same.

Seventh Secured SPA Amendment

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

Eighth Amendment to the Secured SPA

On May 8 and 9, 2023, the Company entered into an amendments to the Secured SPA (collectively, the “Eighth Secured SPA Amendment”) with certain Secured SPA Purchasers. Pursuant to the Eighth Secured SPA Amendments the parties agreed to amend the floor price of all outstanding Secured SPA Notes, including the Exchange Notes, from \$50.40 to \$24.00 and to change the exercise price of the remaining Secured SPA Notes and SPA Warrants from \$252.00 to \$214.20.

In accordance with ASC 470-50, *Debt— Modifications and Extinguishments*, the change in conversion price qualifies as an extinguishment because the change in the fair value of the conversion feature was substantial. Accordingly, the Company recognized a Loss on settlement of notes payable in the Consolidated Statements of Operations and Comprehensive Loss in the

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

amount of \$11.4 million, calculated as the difference between the reacquisition price of the debt and the net carrying amount of the notes.

Unsecured SPA

On May 8, 2023, the Company entered into the Unsecured SPA. The Unsecured SPA Notes 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 an original conversion price equal to \$214.20, subject to anti-dilution protection. Interest on Unsecured SPA Notes is payable at conversion or at maturity. When calculating the shares issuable upon conversion, the converted amount shall be decreased by 50% of the original issue discount pertaining to such amount.

Unless earlier paid, the Unsecured SPA Notes entitle the Unsecured SPA Purchasers, at each conversion date, to a Make-Whole Amount, in a combination of cash or Class A Common Stock at the Company's discretion, in the amount of the interest that would have been payable if such converted amount was held to maturity based on an interest rate of 15% per annum. The conversion price of interest is the greater of (a) the floor price, \$24.00 at inception (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions occurring after the date hereof) and (b) 90% of the lowest VWAP for the five consecutive trading days ending immediately prior to the conversion date.

Each Unsecured SPA Purchaser has the option within 12 months from the closing date to purchase additional Unsecured SPA Notes under similar terms for a total potential commitment of up to \$50.0 million or with the consent of the Company a total of \$100.0 million.

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

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

First Amendment to the Unsecured SPA

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

Joinder Agreements

On June 26, 2023, the Company entered into a Joinder and Amendment Agreement (the "FFVV Joinder") with FF Vitality Ventures LLC ("FFVV"), pursuant to which FFSV agreed to exercise its option to purchase \$20.0 million of Secured SPA Tranche B Notes, subject to certain closing conditions, including the delivery of a warrant to purchase shares of Class A Common Stock equal to 33% of FFSV's conversion shares with an exercise price equal to \$214.20. In addition, If FFSV exercises its option to invest another \$10.0 million of Tranche B Notes in accordance with the terms of the Secured SPA on or prior to the later of (x) August 1, 2023 or (y) four business days after the meeting of the Company's stockholders for the required stockholder approval under the Unsecured SPA to increase the Company's authorized shares of Common Stock, then the Company agrees to subsequently amend the Unsecured SPA whereby FFVV would invest another \$20.0 million in new unsecured notes subject to terms substantially identical to those provided in the Unsecured SPA.

Pursuant to the FFVV Joinder, FFVV agreed to purchase, Unsecured SPA Notes up to \$40.0 million in eight installments. The floor price of the FFVV Unsecured SPA Notes and for each of the notes issued to FFSV (or its affiliates) under the Secured SPA, shall be \$12.00 (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations or

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

other similar transactions occurring thereafter). The funding at each closing is subject to various closing conditions, including: (a) an effective registration statement with respect to the shares of Common Stock issuable upon exercise of the warrants issuable under the Unsecured SPA and the shares of Common Stock issuable pursuant to the FFVV Unsecured SPA Notes and (b) the Company shall have reserved the Required Reserve Amount (as defined in the FFVV Joinder) in full. In addition, FFVV has the option, for 12 months from June 25, 2023, to purchase Unsecured SPA Notes. FFVV agreed, on behalf of its affiliates, that FFSV may exchange any Tranche B Notes for either (x) Tranche D Notes, and/or (y) any Unsecured SPA Notes. The Company agreed to pay FFVV a one-time \$0.3 million working fee and legal fees not to exceed \$0.4 million, which shall be paid by netting the purchase price for any new notes with the amount of such fees.

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

Pursuant to the Senyun Joinder, Senyun agreed to purchase, under the Unsecured SPA Notes, unsecured notes in an aggregate principal amount of up to \$30.0 million in eight installments. The floor price, for each note issued to Senyun (or its affiliates) under the SPA Notes, is \$10.90 (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions occurring thereafter).

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

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

Amendment to Joinder and Amendment Agreement

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

Ninth and Tenth Secured SPA Amendments

On August 4, 2023, the Company entered into a ninth amendment to the Secured SPA (the “Ninth Secured SPA Amendment”) with FFVV, as purchaser, and a tenth amendment to Secured SPA (the “Tenth Secured SPA Amendment”) with Senyun, as purchaser, pursuant to which, the Company, FFVV, and Senyun agreed to amend the definition of Required Minimum to mean (a) until the earlier of (x) September 30, 2023 and (y) the earlier of (I) the trading day immediately following the date of consummation of a reverse stock split of the Common Stock and (II) the 15th business day after the Company shall have obtained stockholder approval to increase the authorized shares of Common Stock (as applicable, the “Waiver Expiration Date”), zero shares of Common Stock, and (b) immediately after the Waiver Expiration Date, the maximum aggregate number of shares of Common Stock then issued or potentially issuable in the future pursuant to the Transaction Documents (as defined

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

in the Secured SPA), including any Underlying Shares (as defined in the Secured SPA) issuable upon exercise in full of all Warrants (as defined in the Secured SPA) or conversion in full of all Secured SPA Notes (including Underlying Shares issuable as payment of interest on the Secured SPA Notes), ignoring any conversion or exercise limits set forth therein.

Unsecured Securities Purchase Agreement – Streeterville

On August 4, 2023, the Company entered into a securities purchase agreement with Streeterville (the “Unsecured Streeterville SPA”), for \$16.5 million aggregate principal amount of the Company’s senior unsecured promissory notes (the “Streeterville Note”) and a common stock purchase warrant (the “Streeterville Warrant”) to purchase up to 25,421 shares of Common Stock with an exercise price equal to \$214.20 per share, subject to full ratchet anti-dilution protection and other adjustments, and are exercisable for seven years on a cash or cashless basis.

The Streeterville Note is subject to an original issue discount of \$1.5 million. In addition, the Company will pay Streeterville \$0.2 million to cover Streeterville’s legal fees and other transaction costs incurred in connection with the purchase and sale of the Streeterville Note. The Streeterville Note is convertible into shares of Class A Common Stock, at a conversion price equal to \$214.20, plus an interest make-whole amount as described above for the Unsecured SPA, subject to certain adjustments including full ratchet anti-dilution price protection.

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

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

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

Amendment to Joinder and Amendment Agreement

On September 21, 2023, in accordance with the FFVV Joinder, the Company entered into an amendment agreement with FFVV to the Unsecured SPA, pursuant to which FFVV agreed to purchase Unsecured SPA Notes in an aggregate principal amount of up to \$20.0 million, subject to terms substantially identical to those provided in the FFVV Joinder, in installments. The funding of each installment is subject to various closing conditions.

Anti-dilution adjustments

During the period ended December 31, 2023 the Company entered into multiple dilutive stock sale and purchase transactions, as discussed in Note 2, *Liquidity and Capital Resources and Going Concern* above that triggered the full ratchet anti-dilution price protections embedded in the SPA Notes and SPA Warrants. As a result, the fixed-price conversion price of the SPA Notes and exercise price of the SPA Warrants outstanding prior to such financings was reduced to a price equal to the price per share paid in the dilutive financings. As of December 31, 2023 the SPA Note conversion and SPA Warrant exercise price equals \$0.73.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

End of Period Secured and Unsecured SPA Information

The Company received cash proceeds, net of original issue discounts, of \$231.1 million and \$73.8 million in exchange for the issuance of the SPA Notes and incurred approximately \$2.5 million and \$3.8 million in transaction costs during the twelve months ended December 31, 2023 and 2022 respectively.

During the twelve months ended December 31, 2023, the Company issued to the Secured SPA Purchasers and Unsecured SPA Purchasers warrants pursuant to both the Secured SPA and Unsecured SPA arrangements and in connection with the Warrant Exchange. As of December 31, 2023, there were 556,205 SPA Warrants outstanding and the warrants had an exercise price of \$0.73 per share, subject to anti-dilution ratchet price protection, exercisable for seven years from the date of issuance (see Note 10, *Stockholders' Equity*). The Company may repurchase certain warrants for \$0.01 per share if and to the extent the VWAP of the Class A Common Stock during 20 out of 30 trading days prior to the repurchase is greater than \$45.00 per share, subject to certain additional conditions. During the twelve months ended December 31, 2023, the Secured SPA Purchasers exercised warrants to purchase 251,649 shares of Class A Common Stock issued pursuant to the SPA Notes, via both cash and cashless exercise.

On December 31, 2023 the Company determined that the fair value of the SPA Notes and warrants was \$86.71 million and \$0.25 million, respectively. The Company recorded a gain in Change in fair value of notes payable and warrant liabilities in the Consolidated Statement of Operations and Comprehensive Loss for the twelve month ended December 31, 2023, in the amount of \$97.0 million for the SPA Notes and warrants.

During the year ended December 31, 2023, total SPA Notes principal of \$222.9 million with a fair value of \$136.1 million was converted to Additional paid-in capital. In connection with the conversions of the SPA Notes the Company recognized a Loss on settlement of notes payable for the twelve months ended December 31, 2023 and 2022 in the amount of \$222.7 million and \$41.1 million, respectively.

2022 Note Purchase Agreement (“NPA”)

From 2019 to 2022 the Company issued notes with various related and unrelated parties through the NPA. The Company settled the following NPAs during the year ended December 31, 2022 as follows (dollars in thousands):

Year ended December 31, 2022							
Note Name	Contractual Maturity Date	Contractual Interest Rates	Net carrying value at 12/31/2021 Balance	Fair Value Measurement Adjustments	Payment Premium	Cash Payment	Conversion into Class A Common Stock (As Restated)
March 1, 2021 Notes (1)	March 1, 2022	14%	\$ 56,695	\$ (1,695)	\$ —	\$ (55,000)	\$ —
August 26, 2021 Notes (1)	March 1, 2022	14%	30,924	(924)	2,065	(32,065)	—
June 2021 Notes (as restated) ⁽²⁾	October 31, 2026	—%	38,981	1,019	—	—	(40,000)
Optional Notes (as restated) ⁽²⁾	October 31, 2026	15%	34,682	(765)	—	—	(33,917)
			<u>\$ 161,282</u>	<u>\$ (2,365)</u>	<u>\$ 2,065</u>	<u>\$ (87,065)</u>	<u>\$ (73,917)</u>

In July 2022, certain NPAs were modified and it was accounted for as a troubled debt restructuring under ASC 470-60, because the Company was experiencing financial difficulty and the conversion mechanism resulted in the effective borrowing rate decreasing after the restructuring which was determined to be a concession. Since the future undiscounted cash flows of the restructured notes payable exceed the net carrying value of the original note payable due to the maturity date extension, the modification was accounted for prospectively with no gain or loss recorded in the Consolidated Statements of Operations and Comprehensive Loss

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

During the year ended December 31, 2022 the NPA notes were fully settled for either cash or equity. The Company paid \$87.1 million cash to settle various NPA notes. Total NPA principal which was converted to equity totaled \$73.9 million, resulting in a \$23.5 million Loss on settlement of notes payable being recognized in the Consolidated Statement of Operations and Comprehensive Loss during the year ended December 31, 2022.

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 approximated their carrying value as of December 31, 2023 and 2022, respectively. These amounts relate to the Notes Payable - China other and Auto loan balances.

Schedule of Principal Maturities of Notes Payable

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

Due on demand	4,898
2023	—
2024	—
2025	40,728
2026	82
2027	—
Thereafter	72,543
	118,251

8. Related Party Notes

Related Party Notes Payable

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

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

<i>(in thousands)</i>	Contractual Maturity Date	Contractual Interest Rates	Net Carrying Value
Related party notes – China	December 31, 2023	18.0%	\$ 5,103
Related party notes – Unsecured SPA	August 2029	10% - 15%	542
Related party notes – China various other	Due on Demand	—%	3,789
Related Party Notes- Other	February, 2024	5.27%	\$ 326
			\$ 9,760
Less: Related party notes payable, current			(9,760)
Total: Related party notes payable, less current			\$ —

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

Related party notes payable consists of the following as of December 31, 2022:

<i>(in thousands)</i>	Contractual Maturity Date	Contractual Interest Rates	Net Carrying Value
Related party notes – China	December 31, 2023	12.0%	\$ 5,209
Related party notes – China various other	Due on Demand	—%	3,755
			<u>\$ 8,964</u>
Less: Related party notes payable, current			(8,964)
Total: Related party notes payable, less current			<u>\$ —</u>

Unsecured SPA

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

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

Subsequent to the issuance of the Unsecured SPA, MHL funded, net of original issue discounts, \$20.7 million in exchange for the issuance of the Unsecured SPA Notes and related warrants. In connection with the Unsecured SPA, the Company issued MHL warrants to purchase 35,405 shares of the Class A Common Stock at an exercise price of \$214.20 per share, subject to anti-dilution ratchet price protection, exercisable for seven years from the date of issuance (see Note 11, *Stockholders' Equity* and Note 7, *Notes Payable*). During the year ended December 31, 2023 MHL converted \$22.3 million of gross principal balances in exchange for 5,010,651 shares of the Class A Common Stock. In connection with the conversion of Unsecured SPA Notes, the Company recognized a \$20.0 million Loss on settlement of related party notes payable, during the year ended December 31, 2023, for the difference between the fair value of the shares issued and the fair value of the debt instrument.

Related party notes payable issued pursuant to the Unsecured SPA consist of the following as of December 31, 2023:

<i>(in thousands)</i>	Contractual Maturity Date	Contractual Interest Rates	Unpaid Principal Balance	Fair Value Measurement Adjustments	Original Issue Discount and Proceeds Allocated to Warrants	Net Carrying Value
MHL - Unsecured SPA Note	August 2029	10% - 15%	\$ 666	\$ (54)	\$ (70)	\$ 542

Related Party Notes - China

As of April 1, 2023, the Company has been in breach of its debt agreement with, and contractual obligation to make interest payments to, Chongqing Leshi Small Loan Co., Ltd., a related party, with an outstanding principal balance of \$4.5 million. As a result of the default, the interest rate on the outstanding principal balance has increased to a rate of 18% per annum until the event of default is no longer applicable. The Company recorded \$0.1 million in interest expense in related party interest expense during the year ended December 31, 2023.

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

The estimated fair value of the Company's related party notes payable not carried at fair value approximated their carrying value as of December 31, 2023 and 2022, respectively.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

Schedule of Principal Maturities of Related Party Notes Payable

The future scheduled principal maturities of related party notes payable as of December 31, 2023 were as follows:

<i>(in thousands)</i>	
Due on demand	\$ 8,892
2024	326
2029	666
	<u>\$ 9,884</u>

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

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

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

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 December 31, 2023 and 2022, the Company had no receivable from Ocean View on the Consolidated Balance Sheets.

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

FF Global Expense Reimbursements and Consulting Fees

On July 30, 2022, the Company entered into a preliminary term sheet (the “Preliminary Term Sheet”) with FF Top, a subsidiary of FF Global, setting out a summary of the preliminary terms and conditions for FF Top’s assistance in arranging a proposed convertible term loan facility to the Company. In connection with the Preliminary Term Sheet, the Company agreed to reimburse FF Top for its reasonable and documented out-of-pocket legal and diligence fees and expenses incurred in connection with such financing efforts up to a \$0.3 million cap (the “Original Cap”), irrespective of whether or not closing occurred, with \$0.2 million to be payable as a deposit upon execution of the Preliminary Term Sheet. Pursuant to the Preliminary Term Sheet, the Company paid FF Top \$0.2 million on August 9, 2022 and \$0.2 million on December 16, 2022.

On January 31, 2023, the Company entered into a supplemental agreement to a preliminary term sheet (the “Term Sheet” and with such supplemental agreement, the “Supplemental Agreement”) with FF Global, pursuant to which the parties agreed, due to the high amount of FF Global’s out-of-pocket legal fees and expenses incurred in connection with its financing efforts, to

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

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 Global as follows: (i) \$0.2 million within one business day of execution of the Supplemental Agreement, and (ii) \$0.2 million within one business day of consummation of new financing by the Company in an amount not less than \$5.0 million or an earlier date approved by the Board. Pursuant to the Term Sheet, as amended by the Supplemental Agreement, the Company paid FF Global \$0.2 million on each of February 1, 2023 and February 6, 2023. On April 8, 2023, the Company reimbursed FF Global for \$0.2 million related to legal expenses incurred by FF Global in connection with the Sixth Secured SPA Amendment. In addition, on April 10, 2023 and May 31, 2023, the Company reimbursed FF Global for \$0.1 million and \$0.3 million related to legal expenses incurred by FF Global in connection with the Unsecured Financing.

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

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

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

The Consulting Services Agreement has an initial term of 12 months and automatically renews for successive 12 months periods unless earlier terminated in accordance with the terms thereof. Effective March 6, 2024, the Consulting Agreement renewed automatically. Either party may terminate the Consulting Services Agreement upon one month prior written notice to the other party. Upon any termination of the Consulting Services Agreement, the Company shall promptly pay FF Global any accrued but unpaid fees hereunder and shall reimburse FF Global for any unreimbursed expenses that are reimbursable thereunder. In addition, FF Global is entitled to reimbursement for all reasonable and documented out-of-pocket travel, legal, and other out-of-pocket expenses incurred in connection with their services, which expenses shall not exceed \$0.1 million without the prior written consent of the Company. The Company paid \$1.8 million to FF Global during the year ended December 31, 2023, pursuant to the Consulting Services Agreement. The Company has \$0.6 million of amounts payable to FF Global recorded in Accounts Payable and Accrued Liabilities in the Consolidated Balance Sheets at December 31, 2023.

Common Units of FF Global

During 2022, certain executives and employees of the Company were granted the opportunity to subscribe to 24,000,000 common units of FF Global. The subscription price of \$0.50 per common unit, payable by the executives and employees of the Company, was financed through non-recourse loans issued by FF Global payable in equal annual installments over ten years. The common units to be purchased with a non-recourse loan are required to be treated for accounting purposes as stock options granted by FF Global to executives and employees of the Legacy FF. The awards were valued using the Black-Scholes option pricing model. The grant date fair value of the units purchased through non-recourse loans was immaterial for the years ended December 31, 2023 and 2022.

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

The Company has recorded a payable to LeTV within Accrued expenses and other current liabilities in the amount of \$7.5 million and \$7.0 million as of December 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.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

Other Related Party Transactions

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

The Company owes a total of \$0.2 million and \$0.1 million to various related parties as of December 31, 2023 and 2022, respectively, which is included in Accounts Payable within the Consolidated Balance Sheets.

9. Leases

The Company determines if an arrangement is a lease at its commencement if the Company is both able to identify an asset and conclude 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, or bargain purchase options.

To the extent that the Company's agreements have variable lease payments, the Company includes variable lease payments that depend on an index or a rate in the measurement and classification of a lease and excludes those that depend on facts or circumstances occurring after the commencement date, other than the passage of time. Lease expense for operating leases is recognized on a straight-line basis over the lease term and is recorded in operating expenses on the 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 Consolidated Statements of Operations. Interest expense incurred on finance lease liabilities is recorded in Interest expense on the 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 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 Consolidated Balance Sheets.

The Company's lease arrangements consist primarily of its ieFactory California production facility, corporate office, store and equipment (which was terminated during December 2022, see Note 5, *Property and Equipment, Net* 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.

ASC 842 Disclosures

On January 1, 2022, the Company adopted ASC 842. For more information on the adoption, see the "Recently Adopted Accounting Pronouncements" section in Note 1, *Nature of Business and Organization, and Summary of Significant Accounting Policies*.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

Lease cost includes both the fixed and variable expenses recorded for leases. The components of lease cost for the year ended December 31 were as follows (dollars in thousands):

	2023	2022
Finance lease cost		
Amortization of ROU assets	\$ 273	\$ 1,990
Interest on lease liabilities	275	664
Total finance lease cost	548	2,654
Operating lease cost	5,915	4,657
Variable lease cost	257	159
Total lease cost	\$ 6,720	\$ 7,470

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

Fiscal year	Operating Leases
2024	\$ 5,617
2025	4,997
2026	5,019
2027	2,814
2028	1,813
Thereafter	7,602
Total	27,862
Less: Imputed Interest	9,935
Present value of net lease payments	\$ 17,927
Lease liability, current portion	\$ 3,621
Lease liability, net of current portion	14,306
Total lease liability	\$ 17,927

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

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 5,709	\$ 4,143
Operating cash flows from finance leases	275	686
Financing cash flows from finance leases	1,016	1,888
	\$ 7,000	\$ 6,717
Lease assets obtained in exchange for financing lease liabilities	\$ —	\$ 21,865
Lease assets obtained in exchange for operating lease liabilities	\$ —	\$ —

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

	December 31, 2023	December 31, 2022
Weighted average remaining lease term (in years)		
Operating leases	5.70	6.4
Finance leases	5.00	5
Weighted average discount rate		
Operating leases	15.6 %	15.6 %
Finance leases	9.2 %	5.0 %

Sale and Lease Back transaction of the FF isFactory California

On October 19, 2023, the Company entered into a sale leaseback transaction whereby it has exercised its option to purchase its Hanford manufacturing facility (the “Property”) and simultaneously completed a sale leaseback to Ocean West Capital Partners (“Landlord”) pursuant to that certain Lease Agreement, dated as of October 19, 2023, by and between the Tenant and 10701 Idaho Owner, LLC (the “Lease Agreement”). This Lease Agreement also allows the Tenant to access to up to \$12.0 million of tenant improvement allowance for the Property. The new lease will be for a term of five years, with a monthly lease rate of \$355,197, with a five-year extension option, and the Tenant has an option to purchase the fee interest in the Property at any time after the second year of the lease term. Furthermore, the Tenant has a right of first offer to purchase the Property in the event Landlord desires to sell the Property. The obligations of the Tenant under the lease are guaranteed by the Company pursuant to that certain Guaranty of Lease made by the Company to 10701 Idaho Owner, LLC

Due to the inclusion of the purchase option in the lease agreement, the Company was considered to have continuing involvement and, thus, accounted for the transaction as a failed sale lease back, with the HQ assets subject to the sale leaseback remaining on the balance sheet and the sale proceeds recorded as a liability in accordance with the financing method. The Company recognized a \$24.9 million financing obligation at the completion of the transaction, which was recorded to the Financial obligations on a sale and lease back transaction on our Consolidated Balance Sheet. No gain or loss was record on the failed sale and lease back.

The future scheduled payments of the financing obligations on our Hanford manufacturing facility sale and lease back transaction as of December 31, 2023 are as follows (dollars in thousands):

Twelve months ended December 31,		
2024	\$	4,284
2025		4,035
2026		4,156
2027		4,681
2028		62,180
Total		79,336
Less implied interest		(41,853)
Less expected tenant improvement allowance		(12,000)
Present value of payments	\$	25,483

Under the terms of the sale and leaseback transaction, we expect to receive \$12.0 million in tenant improvement allowance, the repayment of which is included into the financing obligation payments above.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

10. Commitments and Contingencies

Legal Proceedings

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

As of December 31, 2023 and 2022, the Company had accrued legal contingencies of \$21.6 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.

Class and Derivative Actions

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

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

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

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

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

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

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

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

On March 8 (*Farazmand*) and March 21 (*Zhou*), 2022, putative stockholder derivative lawsuits were respectively filed in the United States District Court, Central District of California and were subsequently consolidated in an action now entitled *In re Faraday Future Intelligent Electric Inc.* Case No. 2:22-cv-1570 (the “California Federal Derivative Action”). The California Federal Derivative Action was stayed pending resolution of certain proceedings in the *Zhou* putative class action, which stay expired in February 2023. Plaintiffs thereafter filed a verified consolidated amended complaint on June 2, 2023, in response to which the Company and the other defendants filed a motion to dismiss. On January 22, 2024, the court granted in

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

part, and denied in part, the motion to dismiss with leave to amend. On February 6, 2024, the parties filed a stipulation to stay the California Federal Derivative Action pending mediation that was entered by the court on February 12, 2024, and that will stay the case until 30 days after the date of mediation.

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

On June 21 (*Wallace*) and December 22 (*Farazmand*), 2023, putative derivative lawsuits were respectively filed in the Delaware Court of Chancery (collectively, the “Delaware State Derivative Actions”). The parties stipulated to a stay of the *Wallace* action which was entered by the court on December 29, 2023. In the *Farazmand* action, the Company and the other defendants plan to file various motions to dismiss in response to the *Farazmand* complaint pursuant to a yet to be determined briefing schedule.

Each of the foregoing derivative lawsuits purport to assert claims on behalf of the Company against certain of the Company’s current and former officers and directors for alleged violations of the Exchange Act or for various common law claims based upon those officers’ and directors’ alleged breaches of their purported fiduciary duties owed to the Company and/or for their alleged aiding and abetting of those purported breaches, resulting in unspecified damages to the Company. Although the complaints filed in the foregoing lawsuits vary in detail, they are generally premised upon many of the same underlying allegations made in the *Zhou* putative class action.

The Company maintains that each of the derivative lawsuits is without merit and has stated its intention to vigorously defend those actions. The Company has not concluded that an adverse outcome in these matters is either “probable” or “remote” within the meaning of the ABA Statement of Policy and, accordingly, decline to express any view as to the possible outcome of these matters.

The Consolidated Delaware Class Action

On June 14, 2022, a verified stockholder class action complaint was filed in the Delaware Court of Chancery against, among others, the Company, its former Global CEO and CFO, and its current Chief Product and User Ecosystem Officer alleging breaches of fiduciary duties (the “Yun Class Action”). On September 21, 2022, a second verified stockholder class action complaint was filed in the Delaware Court of Chancery against, among others, FFIE, the Co-CEOs and independent directors of PSAC, and certain third-party advisors to PSAC, alleging breaches of fiduciary duties, and aiding and abetting alleged breaches, in connection with disclosures and stockholder voting leading up to the PSAC/Legacy FF merger (the “Cleveland Class Action”), which action subsequently was consolidated with the Yun Class Action with the complaint in the Cleveland Class Action being designated as the operative pleading (collectively, the “Consolidated Delaware Class Action”). In April, 2023, the defendants respectively filed motions to dismiss the complaint.

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

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

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

effective on October 5, 2022 upon his receipt of a supplemental release pursuant to the Mutual Release. On October 28, 2022, Mr. Brian Krolicki tendered his resignation from the Board effective immediately.

Governance Matters

Following the completion of the Special Committee (as defined below) investigation through the date hereof, the Company and certain of its directors and officers have received numerous e-mail communications from a group of self-described “employee whistleblowers” and from various individuals and entities who represented themselves as current investors of the Company. These communications have included various allegations (including, for example, that certain directors have conspired to 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.

Other Legal Matters

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. The Company expects to receive such indemnification payment returned to it upon the release of such seizure.

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

On January 31, 2023, Raymond Handling Solutions, Inc. (“Raymond”), an equipment supplier, filed an action alleging that the Company breached its contract with Raymond and refused to pay for warehouse racking equipment. Raymond requested a judgement in its favor in the amount of \$1.14 million. The Company defaulted on the payment plan and a trial had been set for July 2024 to resolve the matter. On April 15, 2024, the Company and Raymond executed a Settlement Agreement in order to release all claims in exchange for the return of racks.

In July 2021, the Company and Palantir entered into a Master Subscription Agreement (“MSA”) that sets forth the terms of the Palantir’s platform hosting arrangement which was expected to be used as a central operating system for data and analytics. On April 26, 2023, the Company received a letter from Palantir Technologies Inc. (“Palantir”) providing a notice of dispute regarding the Company’s alleged material breach of the MSA with Palantir. The letter asserts that the Company has not paid invoices totaling \$12.3 million of past due fees. On July 7, 2023, Palantir filed a Demand for Arbitration against the

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

Company with Judicial Arbitration and Mediations Services, Inc., regarding a dispute between Palantir and the Company over the MSA. Palantir alleges that the Company has refused to make payments under the MSA. Palantir asserts claims for: (i) breach of contract; (ii) breach of the covenant of good faith and fair dealing; and (iii) unjust enrichment. Palantir alleged that the amount in controversy was \$41.5 million. On August 4, 2023, the Company submitted its response to Palantir's arbitration demand. The Company's response included both affirmative defenses and a general denial of all allegations in Palantir's arbitration demand. On March 11, 2024, the Company and Palantir executed a Settlement and Release Agreement in order to terminate the MSA and resolve the disputes. The Company agreed to pay Palantir \$5.0 million, with a liquidated damages clause of \$0.25 million for late payments. This settlement includes mutual waivers and releases of claims to avoid future disputes.

On May 2, 2023, the Company received a notice of Commencement of Arbitration by Envisage Group Developments Inc. USA ("Envisage") for unpaid invoices relating to professional engineering services and for design and manufacture of a Master Buck cube with a total claimed damages of \$1,104,770.72. At the hearings, the Company disputes the adequacy of Envisage's documentation for professional services and contends that no contract exists for Master Buck due to unfulfilled payment conditions. The Company further challenges Envisage's unilateral alteration of payment terms. A post-arbitration briefing was held on May 21, 2024, with an anticipated ruling from the arbitrator shortly thereafter. The Company maintains that the dispute is without merit and has stated its intention to vigorously defend the action. The Company has not concluded that an adverse outcome in this matter is either "probable" or "remote" within the meaning of the ABA Statement of Policy and, accordingly, decline to express any view as to the possible outcome of this matter.

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

On June 13, 2023, L & W LLC ("Autokiniton"), a provider of tooling for use in the automotive industry, filed an action in State of Michigan 3rd Judicial Circuit County of Wayne Court alleging the Company breached its contract with Autokiniton and refused to fulfill its obligations under the applicable Purchase Order. Autokiniton requested a judgment in the amount of at least \$8.1 million. In discovery, the Company has conceded that \$4.6 million is due and owing under the Purchase Order, and it is anticipated that the court will likely grant Autokiniton's prospective motion for summary disposition and enter judgment for the undisputed amount owed. The Company disputes that the remaining \$3.5 million alleged balance is owed and has stated its intention to vigorously defend the action as to that alleged balance. The Company has not concluded that an adverse outcome in this matter is either "probable" or "remote" within the meaning of the ABA Statement of Policy and, accordingly, decline to express any view as to the possible outcome of this matter.

On October 11, 2023, Joseph Hof and Scott McPherson filed a class action lawsuit in Supreme Court of the State of New York, County of New York against Benchmark 237 LLC, Benchmark Real Estate Trust, SLLC, Canvas Investment Partners, LLC, Canvas Property Group, LLC, Juliet Technologies, LLC, and the Company, alleging that the defendants engaged in various scheming practices that discriminatorily impacted the plaintiffs and other class members. The court granted the Company's Motion to Dismiss on January 12, 2024, and dismissed the case on January 18, 2024. The plaintiffs filed an appeal on February 12, 2024, against the dismissal orders. Given the early stages of the assertion, the Company is unable to evaluate the likelihood of an unfavorable outcome and/or the amount or range of potential loss.

On December 8, 2023, 10701 Idaho Owner, LLC ("Landlord") notified the Company of rental defaults amounting to \$645,819.37 for the months of October to December 2023, demanding a 5% late fee and 18% annual interest on overdue amounts. Following this, the parties reached a First Amendment to the Lease Agreement dated October 19, 2023 to address the Company's total rent default of \$1.1 million, including a \$125,000 partial payment made on January 26, 2024, and additional late fees and charges of \$158,771. The amendment established a repayment plan requiring the Company to pay \$1.2 million from February 26 to March 31, 2024, and to either replenish or provide a new \$0.6 million Letter of Credit. On March 26, 2024, the Landlord served the Company with a Notice to Pay or Quit, demanding payment of \$1.0 million within five business days. On April 10, 2024, the Company made a \$150,000 payment to Landlord in exchange for Landlord deferring further action in this matter.

On February 14, 2024, Rexford Industrial - 18455 Figueroa, LLC ("Rexford") filed a Complaint for Unlawful Detainer against Faraday SPE, LLC in Superior Court of California, County of Los Angeles. The complaint asserts that the Company has failed to pay outstanding rent in the amount of \$917,887.26. Furthermore, Rexford seeks recovery of reasonable attorney's fees and damages calculated at a rate of \$10,187.23 per day commencing from March 1, 2024. This action is based on a breach of a Lease Agreement dated March 8, 2019, for premises at 18455 S. Figueroa Street, Gardena, Los Angeles, with Rexford

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

requesting forfeiture of the lease. On April 10, 2024, the court issued a Notice of Dismissal, dismissing the Complaint without prejudice.

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

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

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.

Dispute with Noteholders

In August 2023, and September 2023, the Company received correspondence from each of Senyun, MHL and V W Investment alleging that the Company had entered into oral agreements to compensate those investors for any losses in connection with converting their notes into shares of the Company in order to support the Company's proposals at the August 2023 special stockholders meeting. The Company is unaware of any such oral agreements and is contesting these claims on multiple grounds.

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, 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.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

- 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 Ayd.

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;

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

- 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. Please see *“Risk Factors—Risks Related to FF’s Business and Industry—Yueting Jia and FF Global, over which Mr. Jia exercises significant influence, have control over the Company’s management, business and operations, and may use this control in ways that are not aligned with the Company’s business or financial objectives or strategies or that are otherwise inconsistent with the Company’s interests. Such significant influence may increase if and to the extent the current members of the Board and management are removed and replaced with individuals who are aligned with Mr. Jia and/or FF Global.”* 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 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;
- hiring of a Compliance Officer with the title of Deputy General Counsel (hired in March 2023), who will report on a dotted line to the Chair of the Audit committee, and a Director of Risks and Internal Controls; and assessing and enhancing FF’s compliance policies and procedures;
- the implementation of a comprehensive training program for all directors and officers regarding, among other things, internal FF policies;
- the separation of Jarret Johnson, FF’s Vice President, General Counsel and Secretary; and

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

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

As of May 17, 2024, FF is continuing to implement certain of the remedial actions approved by the Board. However, certain of these remedial actions are no longer in effect and no assurance can be provided that those remedial measures that continue to be implemented will be implemented in a timely manner or at all, or will be successful to prevent inaccurate disclosures in the future. Please see “*Risk Factors – Risks Related to FF’s Business and Industry – FF has taken remedial measures in response to the Special Committee findings. There can be no assurance that such remedial measures will be successful. In addition, there can be no assurance that such remedial measures will be fully implemented in light of the recent corporate governance agreements with FF Top and FF Global and the recent assessment by the Board of FF’s management structure, including management roles, responsibilities and reporting lines and changes to the Board.*” 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 remained a consultant of the Company as an independent contractor until November 18, 2023. On January 25, 2023, Mr. Chui Tin Mok was appointed to the Board, effective immediately, following the resignation of Mr. Ye. Each of Ms. Ke Sun and Mr. Xuefeng Chen have subsequently resigned from the Board. See “*Management – Governance Agreement with FF Top and FF Global*” for more information.

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

Unconditional Contractual Obligations

An unconditional contractual obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding (non-cancelable, or cancellable only in certain circumstances). As of December 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 R&D activities; lease minimum payments and other contractual commitments, totaling \$210.2 million, which included \$56.8 million for the year ended December 31, 2024, \$37.8 million for the two years ended December 31, 2026, \$108.1 million for the two years ended December 31, 2028 and \$7.6 million thereafter.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

11. Stockholders' Equity

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

	December 31, 2023	
	Authorized Shares	Issued Shares
Preferred Stock	10,000,000	—
Class A Common Stock	49,291,667	42,433,025
Class B Common Stock	2,187,500	266,670
	61,479,167	42,699,695
	December 31, 2022	
	Authorized Shares	Issued Shares
Preferred Stock	10,000,000	—
Class A Common Stock	3,395,834	2,347,276
Class B Common Stock	312,500	266,670
	13,708,334	2,613,946

Amendments to the Company's Certificate of Incorporation

On the Closing Date of the Business Combination, the Company's shareholders adopted the Company's Second Amended and Restated Certificate of Incorporation. The amendment set forth the rights, privileges, and preferences of the 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 Board. The Board is 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 3,437,500 to 3,750,000. 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 3,395,834 to 7,041,667, increasing the Company's total number of authorized shares of Common Stock and preferred stock from 13,708,334 to 17,354,167. 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.

Additionally, at a special meeting of the Company's stockholders held on August 16, 2023, the Company's stockholders approved a proposal authorizing the Board to effect a reverse stock split of the outstanding Common Stock at a range between 1-for-2 and 1-for-90 shares of outstanding Common Stock, and a proposal stating that a reverse stock split is implemented at a ratio of 1-for-8 or greater. On August 22, 2023, the Board approved the Reverse Stock Split ratio (1-for-80). Accordingly, on August 24, 2023, the Company filed the Third Amended and Restated Certificate of Incorporation of the Company to effect the Reverse Stock Split and to set the number of authorized shares of Common Stock to 51,479,167. As a result, effective August 25, 2023, every 80 shares of the issued and outstanding Common Stock were converted into one share of Common Stock, without any change in par value per share, and the authorized shares of Common Stock were reduced to 51,479,167, composed of (i) 49,291,667 shares of Class A Common Stock and (ii) 2,187,500 shares of Class B Common Stock. No fractional shares of

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

Common Stock were issued as a result of the Reverse Stock Split. Stockholders who would otherwise have received a fractional share were instead issued a full share in lieu of such fractional share.

The Class A Common Stock began trading on The Nasdaq Capital Market on a split-adjusted basis at the opening of trading on August 28, 2023 under the symbol “FFIE” with a new CUSIP number (307359 505). The Company’s Public Warrants continue to be traded on The Nasdaq Capital Market under the symbol “FFIEW” and the CUSIP number for the warrants remains unchanged.

On February 5, 2024, the Company filed an amendment to the Company’s Third Amended and Restated Certificate of Incorporation, as amended, with the office of the Secretary of the State of Delaware to effect an increase in the authorized shares of Common Stock from 154,437,500 to 1,389,937,500.

At a special meeting of the Company’s stockholders held on February 5, 2024, the Company’s stockholders approved an amendment to the Company’s Third Amended and Restated Certificate of Incorporation, as amended, to effect a reverse stock split of the Common Stock by a ratio of 1-for-3, with such action to be effected at such time and date, if at all, as determined by the Board within one year after the conclusion of the Special Meeting and a corresponding reduction in the total number of shares of Common Stock the Company is authorized to issue. On February 23, 2024, the Company filed a second amendment to the Company’s Third Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to effect this reverse stock split and to set the number of authorized shares of Common Stock to 463,312,500 (which is 1,389,937,500 divided by 3). Pursuant to the Certificate of Amendment, effective as of 5:00 p.m., Eastern Time, on February 29, 2024, every three shares of the issued and outstanding Common Stock was automatically converted into one share of Common Stock, without any change in par value per share and the number of authorized shares of Common Stock was reduced to 463,312,500.

Voting

The holders of Class A Common Stock and Class B Common Stock are entitled to one vote for each share held of record on all matters to be voted on by stockholders until the occurrence of a Qualifying Equity Market Capitalization, following which holders of Class B Common Stock shall be entitled to ten votes per share and shall continue to be entitled to ten votes per share regardless of whether the Qualifying Equity Market Capitalization shall continue to exist or not thereafter.

Conversion

Shares of Class B Common Stock have the right to convert into shares of Class A Common Stock at any time at the rate of one share of Class A Common Stock for each share of Class B Common Stock. Class A Common Stock does not have the right to convert into Class B Common Stock.

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution, or winding-up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation, the holders of the shares of the Common Stock shall be entitled to receive all the remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of the Common Stock held by them.

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

	Number of Warrants	Exercise Price	Expiration Date
Ares Warrants	9,139,280	\$0.73	August 5, 2027
SPA Warrants	556,205	\$0.73	Various through November 28, 2030
Public Warrants	98,088	\$2,760.00	July 21, 2026
Private Warrants	464	\$2,760.00	July 21, 2026
Total	9,794,037		

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

During the year ended December 31, 2023, 251,649 warrants were exercised to purchase 213,037 shares of Class A Common Stock for cash proceeds of \$4.1 million. Certain of the warrants were exercised pursuant to a cashless exercise feature whereby 38,612 warrant shares were surrendered as the purchase price.

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	1,443,555	\$ 55.20	Various through September 23, 2029
ATW NPA Warrants ⁽¹⁾	320,019	\$ 55.20	Various through August 10, 2028
Other warrants	122,728	\$ 55.20	August 5, 2027
Public Warrants	98,088	\$ 2,760.00	July 21, 2026
Private Warrants	464	\$ 2,760.00	July 21, 2026
Total	1,984,854		

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

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, *Derivatives and Hedging — Contracts in Entity's Own Equity*. As a result of the reclassification, the Company reclassified \$2.3 million out of Additional paid-in capital into the Earnout liability, which is included in Other current liabilities in the Consolidated Balance Sheet as of December 31, 2022.

As of December 31, 2022, the Company reclassified 224,253 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 are 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 in 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. As of April 21, 2023, the Company had insufficient authorized shares to fully settle its equity-linked financial instruments in shares primarily due to the issuance of additional convertible notes and warrants between February 28, 2023 and April 21, 2023.

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

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

Refer to the table summarizing the activity of Level 3 fair value measurements in Note 13, *Fair Value of Financial Instruments* for the changes in fair value of the Earnout liability and the Share-based payment liability recognized in periods when they were thus classified.

Salary Deduction and Stock Purchase Agreement

On September 21, 2023, certain executive officers of the Company entered into Salary Deduction and Stock Purchase Agreements (collectively, the “SD SPA”) with the Company. Under the SD SPA, on each payroll date after the receipt of stockholder approval of the SD SPA, the officer has agreed to authorize the Company to deduct 50% of the officer’s after-tax base salary. This deducted amount will be used to purchase a number of shares of Class A Common Stock determined using the VWAP (as defined in the SD SPA) of Class A Common Stock per share on the applicable payroll date. Pursuant to the SD SPA, the officer may decrease the amount of the deduction upon notice to the Board. No shares have been purchased under the SD SPA as of December 31, 2023.

12. Stock-based Compensation

2021 SI Plan

In July 2021, the Company adopted the 2021 Stock Incentive Plan (“2021 SI Plan”). The 2021 SI Plan allows the Board of Directors to grant up to 206,557 incentive and nonqualified stock options, restricted shares, unrestricted shares, restricted share units, and other stock-based awards for the 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. As of the date of issuance of the Consolidated Financial Statement, the Board 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 December 31, 2023 and 2022 the Company had 1,067,189 and 101,053 shares of Class A Common Stock available for future issuance under the 2021 SI Plan.

Option Awards

A summary of the Company’s stock option activity under the SI Plan 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	27,694	\$ 662.40	8.97	\$ —
Granted	12,500	259.20		
Exercised	(207)	213.60		
Expired/forfeited	(8,090)	700.50		
Outstanding as of December 31, 2023	<u>31,897</u>	\$ 497.13	8.74	\$ 5,351
Exercisable as of December 31, 2023	10,119	535.83	8.63	\$ 2,352

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

As of December 31, 2023, the total unrecognized stock-based compensation expense for stock options granted under the SI Plan was \$0.4 million, which is expected to be recognized over a weighted average period of 3.9 years.

The weighted-average assumptions used in the Black-Scholes option pricing model for awards granted during the year ended December 31, 2023 are as follows:

	2023
Risk-free interest rate:	3.53 %
Expected term (in years):	8.71
Expected volatility:	89.62 %
Dividend yield:	0 %
Grant date fair value per share	\$ 259.20

The total grant date fair value of options vested during the years ended December 31, 2023 and 2022 was \$2.5 million and \$2.7 million, respectively.

Restricted Stock Units

A summary of the Company's RSU activity under the SI Plan is as follows:

	Shares	Weighted Average Fair Value
Outstanding as of December 31, 2022 ⁽¹⁾	74,457	\$ 261.60
Granted	102,012	67.56
Released	(25,970)	258.24
Forfeited	(35,138)	245.43
Outstanding as of December 31, 2023	115,361	\$ 94.62

(1) The Company's subsidiaries in China have employees who are citizens of the PRC. Pursuant to the regulation Circular 78 and Circular 7 issued by the Central State Administration of Foreign Exchange of PRC ("SAFE"), we cannot release vested RSUs to its 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, 6,037 RSUs of the Company's PRC citizens employees vested in 2022 were included in the outstanding RSUs at December 31, 2022 as unreleased RSUs because those employees did not complete the SAFE registration process.

As of December 31, 2023, the total unrecognized stock-based compensation expense for RSUs granted under the SI Plan was \$1.4 million which is expected to be recognized over a weighted average period of 3.76 years.

The total fair value of RSUs vested during the years ended December 31, 2023 and 2022 was \$4.4 million and \$6.0 million, respectively.

As further described in Note 2, *Liquidity and Capital Resources and Going Concern*, during 2022 management had been undertaking certain cash conservation measures directed toward achieving start of production of the FF 91 with available and secured funds. As part of these measures, in October 2022, management implemented the Crowd Entrepreneurship – 2022 RSU Project ("CEP"), according to which employees were granted 37,894 RSUs, fully vested on December 31, 2022 subject to continued employment with the Company. The RSUs were granted in lieu of at least a 25% reduction in salary from November 1, 2022 to December 31, 2022, subject to certain laws and regulations.

EI Plan

On February 1, 2018, the Board adopted the Equity Incentive Plan ("EI Plan"), under which the Board authorized the grant of up to 176,625 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.

On the closing date and in connection with the Business Combination, each of the Legacy FF's outstanding options

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

under the EI Plan immediately prior to the closing of the Business Combination remained outstanding and converted into the right to purchase the Company's Class A Common Stock based on the Exchange Ratio.

A summary of the Company's stock option activity under the EI Plan 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	97,592	\$ 679.20	6.92	\$ 22
Granted	—	—		
Exercised	—	—		—
Expired/forfeited	(16,389)	772.77		
Outstanding as of December 31, 2023	<u>81,203</u>	<u>\$ 660.21</u>	5.92	\$ 31,743
Exercisable as of December 31, 2023	67,592	\$ 632.67	5.75	\$ 26,679

The weighted-average assumptions used in the Black-Scholes option pricing model for awards granted during the year ended December 31, 2021 are as follows:

	<u>2021</u>
Risk-free interest rate:	0.79 %
Expected term (in years):	6.05
Expected volatility:	42.10 %
Dividend yield:	0.00 %

The total grant date fair value of options vested during the years ended December 31, 2023 and 2022 was \$9.3 million and \$6.5 million, respectively.

As of December 31, 2023, the total unrecognized stock-based compensation expense for stock options granted under the EI Plan was \$0.2 million which is expected to be recognized over a weighted average period of 2.39 years.

STI Plan

On May 2, 2019, the Company adopted its Special Talent Incentive Plan ("STI Plan") under which the Board may grant up to 58,875 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.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

A summary of the Company's stock option activity under the STI Plan 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	23,410	\$ 1,521.60	6.94	\$ —
Granted	—	—		
Exercised	—	—		—
Expired/forfeited	(859)	1,968.06		
Outstanding as of December 31, 2023	<u>22,551</u>	<u>\$ 1,504.23</u>	6.64	\$ 16,318
Exercisable as of December 31, 2023	12,106	\$ 901.53	5.99	\$ 4,613

The Company elected to use the contractual term of non-employee options awarded under the STI Plan as the expected term. The weighted-average assumptions used in the Black-Scholes option pricing model for awards granted during the year ended December 31, 2021 are as follows:

	2021
Risk-free interest rate:	1.39 %
Expected term (in years):	9.06
Expected volatility:	35.86 %
Dividend yield:	0.00 %

The total grant date fair value of options vested during the years ended December 31, 2023 and 2022 was \$1.7 million and \$0.1 million, respectively.

As of December 31, 2023, the total unrecognized stock-based compensation expense for stock options granted under the STI Plan was \$0.1 million, which is expected to be recognized over a weighted average period of approximately 2.6 years.

Stock-based compensation expense

The following table presents stock-based compensation expense for all of the Company's SI Plan, EI Plan, STI Plan and Common Units of FF Global included in each respective expense category in the Consolidated Statements of Operations and Other Comprehensive Loss for the years ended December 31 (dollars in thousands):

	2023	2022
Research and development	\$ 6,812	\$ 13,118
Sales and marketing	807	1,744
General and administrative	1,548	2,802
	<u>\$ 9,167</u>	<u>\$ 17,664</u>

Included in stock-based compensation expense for the year ended December 31, 2023 is \$4.1 million related to when the Company's share-based payment awards were classified as liabilities from time to time during the year ended December 31, 2023.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

13. Fair Value of Financial Instruments

Cash Equivalents

The fair value of the Company's money market funds is based on the closing price of these assets as of the reporting date, which are included in cash equivalents. The Company's money market funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted prices for identical instruments in active markets. The Company had no cash equivalents at December 31, 2023 and 2022.

Notes Payable

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

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

SPA Warrants

The Company is required to measure the SPA Warrants at fair value. The Company uses a Monte Carlo simulation model to measure the fair value of the SPA Warrants, where the significant assumptions used include the volatility of the Company's Class A Common Stock, the Company's expectations around the full ratchet anti-dilution trigger, the contractual term of the SPA Warrants, the risk-free rate and annual dividend yield. Fair value measurements associated with the liability-classified warrants represent Level 3 valuations under the fair value hierarchy.

SEPA

On November 23, 2022, the Company issued 3,288 Commitment Shares in satisfaction of the commitment fee agreed upon in the SEPA. 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 zero as of December 31, 2023 and 2022.

Commitment to Issue Class A Common Stock

On July 18, 2021, the Company entered into an omnibus transaction services fee agreement and acknowledgement ("Agreement and Acknowledgement") with RMG. Pursuant to the Agreement and Acknowledgement, the Company will issue 9,948 registered shares of Class A Common Stock to the parties upon effectiveness of the registration statement covering these shares. As of December 31, 2021, the Company's registration statement was not effective.

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.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

On July 21, 2022, the Company amended its agreement with the service provider and delivered 9,948 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 additional paid-in capital ("APIC") in the amount of \$32.9 million.

Public and Private Warrants

Upon the closing of the Business Combination, the Company assumed 95,740 Public Warrants and 2,478 Private Warrants from PSAC. The Company also issued 334 Private Warrants to settle related party notes of PSAC. The Public Warrants are indexed to the Company's own stock and, as such, meet the scope exception in accordance with ASC 815-40 to be classified in equity. The Private Warrants are classified as liabilities and the fair value is included in Warrant Liabilities on the Consolidated Balance Sheets. The Company valued the Private Warrants using a binomial lattice model. Inherent in a binomial lattice model are assumptions related to risk free rate, annual dividend yield, expected warrant life, and volatility of the Company's stock. The Company estimated the fair value of the Private Warrants to be \$0.1 million as of December 31, 2023 and 2022. 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

During the year ended December 31, 2022 PSAC Sponsor transferred a total 2,348 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 additional-paid-in-capital ("APIC") at their fair value of \$0.6 million the year ending December 31, 2022. There were no transfers during the year ending December 31, 2023.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

Liabilities due to Insufficient Authorized Shares

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

Recurring Fair Value Measurements

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

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

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

	December 31, 2022		
	Level 1	Level 2	Level 3
<i>(in thousands)</i>			
Liabilities:			
Warrant liabilities	\$ —	\$ —	\$ 92,833
Notes payable	—	—	26,008
Earnout shares liability	—	—	2,250
Share-based payment liabilities	—	—	3,977

There were not any transfers of assets and liabilities between Level 1, Level 2 and Level 3 of the fair value measurement hierarchy during the year ended December 31, 2023. The carrying amounts of the Company's financial assets and liabilities, including cash, restricted cash, deposits, accounts payable, accrued liabilities and notes payable, other than the SPA Notes, approximate fair value because of their short-term nature or contractually defined value.

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

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

<i>(in thousands)</i>	Warrant Liabilities¹	Notes Payable¹	Earnout Shares Liability	Liability for Insufficient Authorized Shares Related to Stock Options and RSUs
Balance as of December 31, 2022	\$ 92,833	\$ 26,008	\$ 2,250	\$ 3,977
Additions	41,080	213,776	—	—
Net disposal pursuant to Warrant Exchange	(16,506)	—	—	—
Exercises	(47,202)	—	—	—
Debt extinguishments	1,317	13,078	—	—
Change in fair value measurements	(71,216)	(28,934)	2,033	—
Payments of notes payable, including periodic interest	—	(1,167)	—	—
Stock-based compensation expense	—	—	—	4,065
Reclassification from liability to equity on February 28, 2023	—	—	(5,014)	(8,978)
Reclassification from equity to liability on April 21, 2023	—	—	2,112	2,979
Reclassification from liability to equity on August 25, 2023	—	—	(1,381)	(2,043)
Conversions of notes to Class A Common Stock	—	(136,049)	—	—
Balance as of December 31, 2023	\$ 306	\$ 86,712	\$ —	\$ —

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

14. Income Taxes

The provision for income tax consisted of the following (dollars in thousands):

	2023	2022
Current:		
Federal	\$ —	\$ —
State	2	2
Foreign	107	59
Total current	109	61
Deferred:		
Federal	(48,499)	(79,319)
State	(22,277)	(37,128)
Foreign	6,577	11,056
Valuation allowance	64,199	105,391
Total deferred	—	—
Total provision	\$ 109	\$ 61

The components of losses before income taxes, by taxing jurisdiction, were as follows for the years ended December 31 (dollars in thousands):

	2023	2022
U.S.	\$ (411,790)	\$ (560,897)
Foreign	(19,845)	(41,281)
Total	\$ (431,635)	\$ (602,178)

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

The provision for income taxes for the years ended December 31, 2023 and 2022 differs from the amount computed by applying the statutory federal corporate income tax rate of 21% to losses before income taxes as a result of the following:

	2023	2022
Federal income tax expense	21.0 %	21.0 %
State income taxes (net of federal benefit)	4.1 %	4.7 %
Permanent differences	(0.7)%	(0.9)%
Fair value debt adjustments	(5.8)%	(4.8)%
Disallowed interest	(1.2)%	(0.5)%
Foreign tax rate difference	0.2 %	(0.1)%
Prior year true-up on deferred taxes	(0.1)%	— %
Return-to-provision adjustment	— %	0.3 %
Uncertain tax benefit	(1.0)%	(0.6)%
Expiration of tax attributes	(1.8)%	(1.6)%
Valuation allowance	(14.7)%	(17.5)%
Effective tax rate	<u>0.0 %</u>	<u>0.0 %</u>

The main changes in permanent differences related to fair value adjustments on convertible related party notes payable and notes payable and disallowed interest expense due to embedded features. The main changes in foreign tax rate difference and valuation allowance related to higher foreign losses incurred in 2023.

The tax effects of temporary differences for the years ended December 31, 2023 and 2022 that give rise to significant portions of the deferred tax assets and deferred tax liabilities are provided below (dollars in thousands):

	2023	2022
Deferred Tax Assets:		
Net operating losses (“NOL”)	\$ 353,839	\$ 342,888
Research and development credits	4,239	4,239
Accrued liabilities	16,646	14,762
Capital loss	3,420	3,420
Amortization	9,921	11,284
Capitalized R&D expense	74,835	—
Stock-based compensation	418	3,385
Transaction costs	45	—
Other	594	1,278
Gross deferred tax assets	<u>463,957</u>	<u>381,256</u>
Valuation allowance	(426,003)	(361,804)
Deferred tax assets, net of valuation allowance	<u>37,954</u>	<u>19,452</u>
Deferred Tax Liabilities:		
Depreciation	(14,113)	(290)
State taxes	(23,841)	(19,162)
Total deferred tax liabilities	<u>(37,954)</u>	<u>(19,452)</u>
Total net deferred tax assets (liabilities)	<u>\$ —</u>	<u>\$ —</u>

The Company has recognized a full valuation allowance as of December 31, 2023 and 2022 since, in the judgment of management given the Company’s history of losses, the realization of these deferred tax assets was not considered more likely

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

than not. The valuation allowance was \$426.0 million and \$361.8 million as of December 31, 2023 and 2022, respectively, with increases attributable to the current year's provision. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which those temporary differences become deductible. Management considers projected future taxable income and tax planning strategies in making this assessment. During 2023 and 2022, the Company evaluated the realizability of its net deferred tax assets based on available positive and negative evidence and concluded that the likelihood of realization of the benefits associated with its net deferred tax assets does not reach the level of more likely than not due to the Company's history of cumulative pre-tax losses and risks associated with the generation of future income given the current stage of the Company's business.

As of December 31, 2023, the Company has U.S. federal and foreign net operating loss carryforwards of \$1,094.4 million and \$43.4 million, respectively, which will begin to expire in 2034 and 2024, respectively. The U.S. federal net operating loss carryforwards of \$1,013.9 million generated post the Tax Cuts and Jobs Act may be carried forward indefinitely, subject to the 80% taxable income limitation on the utilization of the carryforwards. The U.S. federal net operating loss carryforwards of \$80.5 million generated prior to December 31, 2017 may be carried forward for twenty years. As of December 31, 2023, the Company has California net operating loss carryforwards of \$1,243.7 million, which will begin to expire in 2034.

The Company has no U.S. federal R&D tax credit carryforwards and a state R&D tax credit carryforward of \$4.2 million as of December 31, 2023 which will begin to expire in 2035. The U.S. state tax credits do not expire and can be carried forward indefinitely.

In accordance with Internal Revenue Code Section 382 ("Section 382") and Section 383 ("Section 383"), a corporation that undergoes an "ownership change" (generally defined as a cumulative change (by value) of more than 50% in the equity ownership of certain stockholders over a rolling three-year period) is subject to limitations on its ability to utilize its pre-change NOLs and R&D tax credits to offset post-change taxable income and post-change tax liabilities, respectively. The Company's existing NOLs and R&D credits may be subject to limitations arising from previous ownership changes, and the ability to utilize NOLs could be further limited by Section 382 and Section 383 of the Code. In addition, future changes in the Company's stock ownership, some of which may be outside of the Company's control, could result in an ownership change under Section 382 and Section 383 of the Code.

The Company's intention is to indefinitely reinvest earnings in all jurisdictions outside the United States. As of December 31, 2023 and 2022, there was no material cumulative earnings outside the United States due to net operating losses and the Company has no earnings and profits in any jurisdiction, that if distributed, would give rise to a material unrecorded liability.

The Company is subject to taxation and files income tax returns with the U.S. federal government, California and China. As of December 31, 2023, the 2020 through 2023 federal income tax returns and 2019 through 2023 state income tax returns are open to exam. The Company is not under any income tax audits. All of the prior year income tax returns, from 2017 through 2023, are open under China tax law.

Uncertain Income Tax Position

The aggregate change in the balance of unrecognized tax benefits for the years ended December 31, 2023 and 2022 is as follows (dollars in thousands):

	2023	2022
Beginning balance	\$ 8,807	\$ 4,997
Increase related to current year tax positions	4,165	3,810
Ending balance	<u>\$ 12,972</u>	<u>\$ 8,807</u>

In accordance with ASC 740-10, *Income Taxes — Overall*, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. No interest and penalties related to the Company's unrecognized tax benefits was accrued as of December 31, 2023 and 2022, as the uncertain tax benefit only reduced the net operating losses. The Company does not expect its uncertain income tax positions

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

to have a material impact on its consolidated financial statements within the next twelve months. As of December 31, 2023 and 2022, the realization of uncertain tax positions were not expected to impact the effective rate due to a full valuation allowance on federal and state deferred taxes.

The following table summarizes the valuation allowance (dollars in thousands):

	2023	2022
Beginning balance	\$ 361,804	\$ 256,413
Increase related to current year tax positions	64,199	105,391
Ending balance	<u>\$ 426,003</u>	<u>\$ 361,804</u>

15. Net Loss per Share

Net Loss Per Share Attributable to Common Stockholders

Basic net loss per share attributable to common stockholders is calculated by dividing net loss attributable to common stockholders by the weighted-average number of shares 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.

The net loss per common share was the same for the Class A Common Stock and Class B Common Stock because they are entitled to the same liquidation and dividend rights and are therefore combined 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 Stock stockholders because their effect was anti-dilutive as of December 31:

	2023	2022
Shares issuable upon conversion of SPA Notes and settlement of make-whole provisions	42,768,078	725,514
Shares issuable upon exercise of SPA Warrants	556,205	1,443,555
Other warrants	9,139,280	442,747
Stock-based compensation awards – Options	31,897	148,698
Stock-based compensation awards – RSUs	115,361	74,457
Public warrants	98,088	98,088
Private warrants	464	464
Total	<u>52,709,373</u>	<u>2,933,523</u>

16. Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the Consolidated Financial Statements were issued.

Insurance Coverage

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

The Company is generally required to maintain certain insurance coverage that, subsequent to December 31, 2023, lapsed due to lack of payment.

On May 17, 2024, FF Adventures SPV XVIII LLC (“the Buyer”), a third-party investment firm affiliated with ATW Partners, LLC, purchased \$11.9 million of Unsecured Convertible Senior Promissory Note principal from Streeterville. In connection with the purchase and sale, Streeterville assigned and transferred all rights, title and interest to the Buyer clear of any lien, claim, or encumbrance.

Subsequent Unsecured Notes

On January 2, 2024, the Company issued an unsecured note of \$1.3 million to a related party with a due date of April 1, 2024 at 4.27% interest. This note is in default as of the date of these financial statements.

On January 9, 2024, the Company issued an unsecured convertible note of \$1.5 million to a related party with a due date of April 8, 2024 at 4.27% interest. This note is in default as of the date of these financial statements. Principal and accrued interest are convertible at the option of the related party into either a) Common Stock of the Company at a conversion price per share equal to the closing stock price at the closing of trading day immediately prior to the day on which lender provides conversion notice or b) unsecured convertible notes of the Company pursuant to the terms contained in the Unsecured SPA.

On February 14, 2024, the Company issued a convertible unsecured note of \$0.3 million to a related party with a due date of May 10, 2024 at 4.27% interest. This note is in default as of the date of these financial statements. The note is convertible, in whole or in part, at the latest closing price of FFIE (“Conversion Price”), into shares of Common Stock of the Company at the option of the related party, at any time and from time to time. The number of Common Stock issuable upon a conversion shall be determined by the quotient obtained by dividing the total amount of interest and principal accrued to be converted by the Conversion Price.

Subsequent to December 31, 2023, the Company issued unsecured convertible notes to a third party totaling \$12.1 million with due dates ranging from April 25, 2024 through August 19, 2024 at 4.27% interest. Of this amount, \$2.5 million is in default as of the date of these financial statements. Principal and accrued interest are convertible at the option of the related party into either a) Common Stock of the Company at a conversion price per share equal to the closing stock price at the closing of trading day immediately prior to the day on which lender provides conversion notice or b) unsecured convertible notes of the Company pursuant to the terms contained in the Unsecured SPA.

Subsequent SPA Activity

Subsequent to December 31, 2023, the Company received additional funding through the optional SPA loans totaling \$8.2 million. In addition, \$34.4 million of principal and \$19.5 million of interest was converted into 398.6 million shares of FF's Class A Common Stock. Included in this amount is \$0.7 million of principal and \$0.6 million of interest to a related party activity. These related party conversions were converted into 1.3 million shares of Class A Common Stock.

Increase in Authorized Shares

On February 5, 2024, the Company filed an amendment to the Company's Third Amended and Restated Certificate of Incorporation with the office of the Secretary of the State of Delaware to effect an increase in the authorized shares of Common Stock from 154,437,500 to 1,389,937,500.

Reverse Stock Split

At a special meeting of the Company's stockholders held on February 5, 2024, the Company's stockholders approved an amendment to the Company's Third Amended and Restated Certificate of Incorporation, as amended, to effect a reverse stock split of the Common Stock by a ratio of 1-for-3, with such action to be effected at such time and date, if at all, as determined by the Board within one year after the conclusion of the special meeting and a corresponding reduction in the total number of shares of Common Stock the Company is authorized to issue. On February 23, 2024, the Company filed a second amendment to the Company's Third Amended and Restated Certificate of Incorporation, as amended, with the Secretary of State of the State of Delaware to effect this reverse stock split and to set the number of authorized shares of Common Stock to 463,312,500

Faraday Future Intelligent Electric Inc.
Notes to Consolidated Financial Statements

(which is 1,389,937,500 divided by 3). Pursuant to the Certificate of Amendment, effective as of 5:00 p.m., Eastern Time, on February 29, 2024, every three shares of the issued and outstanding Common Stock was automatically converted into one share of Common Stock, without any change in par value per share and the number of authorized shares of Common Stock was reduced to 463,312,500.

The Company's Class A Common Stock began trading on The Nasdaq Capital Market on a split-adjusted basis at the opening of trading on March 1, 2024. The Class A Common Stock continues trading on the Nasdaq Capital Market under the symbol "FFIE" with a new CUSIP number (307359 703). The Class B Common Stock also has a new CUSIP number (307359802). The Company's publicly traded warrants continue to be traded on the Nasdaq Capital Market under the symbol "FFIEW" and the CUSIP number for the warrants remains unchanged. However, under the terms of the applicable warrant agreement, the number of shares of Class A Common Stock issuable on exercise of each warrant has been proportionately decreased. Specifically, following the effectiveness of the reverse stock split, every three shares of Class A Common Stock that may be purchased pursuant to the exercise of public warrants now represents one share of Class A Common Stock that may be purchased pursuant to such warrants. Accordingly, for the Company's warrants trading under the symbol "FFIEW", every three warrants became exercisable for one share of Class A Common Stock at an exercise price of \$2,760.00 per share of Class A Common Stock.

Other than what has been disclosed in other footnotes or above, the Company did not identify any subsequent events that would have required adjustment to or disclosure in the Consolidated Financial Statements.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

FF's disclosure controls and procedures are designed to ensure that information required to be disclosed by the issuer in the reports that FF files or submits under the Exchange Act, as amended, is recorded, processed, summarized, and reported within the time periods specified in the Security Exchange Commission's ("SEC") 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 Exchange Act), FF's Global Chief Executive Officer and Interim Chief Financial Officer (its principal executive officer and principal financial and accounting officer, respectively) have concluded that FF's disclosure controls and procedures were not effective as of December 31, 2023, due to the material weaknesses in the Company's internal control over financial reporting described below.

Management's Report on Internal Control Over Financial Reporting

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

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

- FF did not design and maintain an effective control environment commensurate with its financial reporting requirements. Specifically, FF lacked a sufficient number of professionals with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately. Additionally, management did not establish formal reporting lines in pursuit of its objectives. Further, the lack of a sufficient number of professionals resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of its financial reporting objectives, as demonstrated by, among other things, insufficient segregation of duties in its finance and accounting functions.
- FF did not design and maintain effective controls in response to the risks of material misstatement. Specifically, changes to existing controls or the implementation of new controls were not sufficient to respond to changes to the risks of material misstatement to financial reporting, due to growth in the business.
- FF did not design and maintain effective controls for communicating and sharing information between the legal, capital markets, and accounting and finance departments. Specifically, the accounting and finance departments were not consistently provided the complete and adequate support, documentation, and information including the nature of relationships with certain counterparties to record transactions within the financial statements timely, completely and accurately.
- FF did not design and maintain effective controls to address the identification of and accounting for certain non-routine, unusual or complex transactions, including the proper application of generally accepted accounting principles to such transactions. Specifically, FF did not design and maintain controls to timely identify and account for convertible notes under the fair value option, warrant liabilities, embedded derivatives related to convertible notes, impute interest on related party notes payable with interest rates below market rates, account for failed sale leaseback transactions, and account for warrant instruments.

- FF did not design and maintain formal accounting policies, procedures and controls to achieve complete, accurate and timely financial accounting, reporting and disclosures, including controls over the period-end financial reporting process addressing areas including financial statement and footnote presentation and disclosures, account reconciliations and journal entries, including segregation of duties, assessing the reliability of reports and spreadsheets used in controls, and the timely identification and accounting for cut-off of expenditures.
- FF did not design and maintain effective controls over information technology (“IT”) general controls for information systems that are relevant to the preparation of its financial statements, specifically, with respect to (i) program change management controls to ensure that IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately; (ii) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate company personnel; and (iii) computer operations controls to ensure that critical batch jobs are monitored and data backups are authorized and monitored. These IT deficiencies did not result in a material misstatement to the consolidated financial statements, however, the deficiencies, when aggregated, could result in material misstatements potentially impacting all financial statement accounts and disclosures.
- FF did not maintain an effective control environment or demonstrate a commitment to maintain integrity and ethical values. Specifically, members management failed to reinforce the need for compliance and internal control awareness with certain of FF’s governance, accounting and finance policies and procedures. This resulted in inaccurate and incomplete disclosures of certain relationships, arrangements, and transactions.
- FF did not design and maintain effective controls related to the identification and disclosure of certain arrangements and transactions with related parties.

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

Remediation Plan for Material Weaknesses in Internal Control Over Financial Reporting

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

- FF has added and will continue to add finance and accounting personnel to the organization to strengthen our finance and accounting teams. The additional personnel are expected to provide oversight, structure, reporting lines, and additional review over the Company’s disclosures;
- FF has implemented and will continue to develop new accounting policies and procedures, and the Company has installed and continues to configure an IT system relevant to the preparation of the Company’s financial statements to improve communication of key areas across the different departments at FF and to provide adequate structure, accountability, and segregation of duties;
- FF has implemented and will continue to develop enhanced controls around FF’s related party transactions, including regular attestations;
- FF adopted an Insider Investment Reporting Policy to enhance internal reporting of related party transactions..

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

In addition, as of December 31, 2023, certain departments within the Company report to both Mr. Jia and Mr. Aydt, including the Company’s user ecosystem, capital markets, human resources and administration, and FF China (“FFCN”),

subject to processes and controls that have been determined and continue to be developed by the Board after consultation with the Company's management. Further, the Board determined that Mr. Jia is an "officer" of the Company within the meaning of Section 16 of the Exchange Act, and an "executive officer" of the Company under Rule 3b-7 under the Exchange Act. FF has or is planning to put in place processes and controls to mitigate the risks associated with the changes in Mr. Jia's responsibilities as well as to enhance oversight and corporate governance, including but not limited to:

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

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

- Continuing to hire key finance and accounting personnel as FF scales and until FF has sufficient technical accounting resources, combined with engaging external consultants to provide support and to assist in the evaluation of more complex applications of generally accepted accounting principles and to assist with documenting and assessing our accounting policies and procedures;
- Designing and implementing controls in response to the risks of material misstatement to identify and evaluate changes in FF's business and the impact on internal controls;
- Designing and implementing controls for communicating and sharing information between legal, capital markets, and accounting to facilitate transactions being recorded timely and accurately;
- Designing and implementing formal processes, accounting policies, procedures, and controls supporting certain business processes and our financial close process, including creating standard balance sheet reconciliation templates and journal entry controls assessing the reliability of reports and spreadsheets used in controls; and the timely identification and accounting for cut-off of expenditures;
- Designing and implementing controls to address the identification of and accounting for certain non-routine, unusual or complex transactions;
- Designing and implementing controls related to the identification and disclosure of certain arrangements and transactions with related parties;
- Continuing to implement additional IT systems relevant to the preparation of FF's financial statements and controls over financial reporting to improve communication of key areas across the different departments at the Company and to provide adequate structure, accountability, and segregation of duties; and
- Designing and implementing IT general controls, including controls over change management, the review and update of user access controls and controls over critical batch jobs and data backups.

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

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

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

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

Changes in Internal Control Over Financial Reporting

There have been no changes in internal control over financial reporting during the three months ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

Item 9B. Other Information

On March 6, 2023, the Company entered into a Consulting Services Agreement (the "Consulting Services Agreement") with FF Global, effective as of February 1, 2023. Pursuant to the Consulting Services Agreement, FF Global shall provide consultation and integrate resources to assist the Company in achieving its 2023 strategic goals, including to (i) assist the Company in developing its funding strategy; (ii) assist the Company in developing its value return & management strategy; (iii) consult on and integrate stockholder relations and stockholder resources; (iv) provide support on communications regarding stockholders meetings; (v) develop the Company's existing stockholder financing strategy, including retail investors and others; (vi) assist the Company in risk management strategy; and (vii) assist in capability build up & operation strategy. The Consulting Services Agreement has an initial term of 12 months and automatically renews for successive 12 month periods unless earlier terminated in accordance with the terms thereof. Effective March 6, 2024, the Consulting Services Agreement renewed automatically.

As consideration, the Company shall pay FF Global a monthly fee of \$0.2 million per month, due and payable on the last day of each month beginning on March 31, 2023, as well as reimburse FF Global for all reasonable and documented out-of-pocket travel, legal, and other out-of-pocket expenses incurred in connection services pursuant to the Consulting Services Agreement, (including reasonable fees and disbursements of Consultant's external legal counsel), which out-of-pocket expenses shall not exceed \$0.05 million without the prior written consent of the Company (which consent shall be in the sole and absolute discretion of the Company).

The description of the Consulting Agreement in this Item 9B is qualified in its entirety by reference to the terms of the Consulting Agreement, which is filed as Exhibit 10.62 to this Form 10-K and is incorporated herein by reference.

Insider Trading Arrangements

During 2023 and 2022, we did not adopt or terminate any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements with any officers or directors of the Company.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

Part III**Item 10. Directors, Executive Officers and Corporate Governance**

The following table sets forth, as of the date hereof, certain information regarding our directors and executive officers who are responsible for overseeing the management of our business.

Name	Age	Position
Matthias Aydt	67	Global Chief Executive Officer and Director ⁽⁴⁾
Yueting Jia	50	Chief Product and User Ecosystem Officer
Jonathan Maroko	39	Interim Chief Financial Officer
Scott Graziano	53	Global General Counsel
Chui Tin Mok	49	Executive Vice President, Head of User Ecosystem ⁽⁴⁾
Hong Rao	52	Vice President, I.A.I.
Chad Chen	41	Director ⁽¹⁾⁽²⁾⁽³⁾
Li Han	50	Director ⁽²⁾
Jie Sheng	40	Director ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
Lev Peker	42	Director ⁽¹⁾⁽³⁾

(1) Member of the Audit Committee

(2) Member of the Nominating Committee

(3) Member of the Compensation Committee

(4) Member of the Finance and Investment Committee

Executive Officers and Directors

Mr. Matthias Aydt, 67, has served as FF's Global Chief Executive Officer since September, 2023 and has been served as a member of the Board of Directors from July 2021 to March 2023 and from September 2023 to present. He has been at FF for nearly eight years, and before being appointed as the global CEO, previously served as head of Product Execution from December, 2022 to September 2023, head of Product Definition & Mobility Ecosystems as well as head of Business Development from November 2019 to December 2022, head of Vehicle Line Executive and Vehicle Engineering from July 2016 to November 2019. Mr. Aydt was placed on probation as an executive officer for a six-month period from April 2022 to September 2022. He has over 40 years of experience in luxury OEMs across technology, operations, and general management, including developing and growing multinational organizations, establishing cross-functional work environments, designing and developing processes, project management processes, and simultaneous engineering processes. Prior to joining FF in July 2016, Mr. Aydt served as the Vice President of Vehicle Engineering of Qoros Auto from January 2015 to May 2016, held various positions at Magna Steyr from 2006 to 2014, including Branch Manager and Head of Project Management at Magna Steyr China. Mr. Aydt received his Bachelor of Science degree from Fachhochschule Ulm - Hochschule für Technik. He has also received over 15 registered patents during his career and is deeply committed to the Company, its employees, users, and investors in fulfilling the vision for a sustainable transportation future.

Mr. Aydt is well-qualified to serve on the Board based on his extensive executive experience in the automotive industry and with FF and his strategic and technical background.

Mr. Yueting Jia, 50, is the Founder of FF and has served as FF's Chief Product and User Ecosystem Officer since September 2019 and served as CEO from 2017 to September 2019. In 2003, Mr. Jia founded Xbell Union Communication Technology (Beijing) Co., a Singapore publicly-listed company that developed and launched China's first mobile video streaming software system. In 2004, he founded LeTV, a video streaming website. In 2011, YT Jia founded Le Holdings Co. Ltd ("LeEco"), which is an internet ecosystem technology company with business segments including smart phones, smart TV, smart cars, internet sports, video content, internet finance and cloud computing. In 2014, YT Jia founded FF. YT Jia defined and led the team in creating the FF 91. As Chief Product and User Ecosystem Officer, YT Jia oversees activities in product innovation, strategy and definition; internet, AI and autonomous driving; user experience, user acquisition and user operation, capital markets, human resources and administration, corporate strategy and China departments and reports directly to the Board.

Mr. Jonathan Maroko, 39, has served as FF's Interim Chief Financial Officer since July 2023. Prior to this role, he served as External CFO for multiple venture-backed companies across industries during their growth phase from January 2022

to July 2023. From June 2013 to December 2021, he served as Portfolio Manager at Mulholland Vista Capital Advisors, a discretionary global macro hedge fund. Mr. Maroko began his career as an Investment Banking Analyst at Bank of America Merrill Lynch, and later worked as a Senior Investment Analyst at Vanadium Capital Management, a special situations hedge fund. He holds a Bachelor of Science in Business in Accounting and Finance from Indiana University, Kelley School of Business and is a CFA® charterholder.

Mr. Scott Graziano, 53, has served as Global General Counsel at Faraday Future since September 2023. Prior to joining FF, he served at Healthpeak Properties, Inc. (NYSE: DOC) from October 2015 to September 2023, including as Senior Vice President and Deputy General Counsel beginning in February 2017, as well as Corporate Secretary. Prior to joining Healthpeak, Mr. Graziano served as Director – Securities and Corporate Governance at Western Digital Corporation (NASDAQ: WDC). Prior to that, Mr. Graziano was a counsel at the law firm of O’Melveny & Myers LLP in Newport Beach, California, and Shanghai, China, from November 2004 to January 2015, and an associate at the law firm of Shearman & Sterling LLP in New York City from September 2000 to November 2004.

Mr. Chui Tin Mok, 49, has served as FF’s Executive Vice President and the Global Head of User Ecosystem since August 2018 and has served as a member of the Board as an executive director since January 2023. He is experienced in managing marketing and sales functions in global internet tech companies. Prior to joining FF, Mr. Mok worked in Trend Lab Limited, which he founded in January 2017. From September 2017 to January 2018, Mr. Mok was the President of EFT Solutions Limited (HKEx: 8062), a Hong Kong public company that provides online and offline payment solutions. From 2013 to 2017, he served as the Group Chief Marketing Officer of LeEco Group and also the CEO of LeEco APAC. Mr. Mok served as the Global Vice President of Sales and Marketing of Meizu Technology Co., Ltd. from 2010 to 2013. He received his Higher Diploma in Building Service Engineering from Hong Kong Institute of Vocational Education, and his Executive Master Degree in Business Administration from International Business Academy of Switzerland.

Mr. Mok is well-qualified to serve on the Board based on his extensive executive experience in the automotive industry and with FF and his technical background.

Mr. Hong Rao, 52, has served as FF’s Vice President of I.A.I. since April 2015, overseeing technology innovation, product and technology roadmap, system architecture, software and AI, among others. Prior to joining FF, Mr. Rao served as Co-Founder and Chief Technology Officer at Borqs Technologies from October 2007 to March 2015 and held several engineering leadership positions in Motorola from 2003 to 2007. Mr. Rao received his Master of Business Administration degree from Arizona State University, his Master of Science degree in Electrical Engineering from Beijing Institute of Technology, and his Bachelor of Science degree in Electrical Engineering from Shanghai University of Science & Technology.

Mr. Chad Chen, 41, has served as a member of the Board since October 27, 2022. Mr. Chen is a partner with the law firm of Yoka | Smith, LLP (“Yoka Smith”), where he has practiced since 2012. He represents national and multinational clients in both litigation and non-litigation matters. Mr. Chen’s litigation practice includes representing corporate clients in commercial and business disputes, product liability defense, and class action defense. His non-litigation practice encompasses contract management, counseling on business transactions and serving as outside general counsel in dealing with local, state, and federal agencies, including the U.S. Department of the Treasury, the U.S. Department of Commerce, United States International Trade Commission, and various tax authorities. Prior to joining Yoka Smith, Mr. Chen worked in various legal capacities for a national alternative energy company, private practice, the United States District Court, and the United States Bankruptcy Court. He received his Juris Doctor degree from Southwestern Law School in Los Angeles, California and his Bachelor of Arts in Economics and Political Science from the University of California, Irvine.

Mr. Chen is well-qualified to serve on the Board based on his extensive legal experience.

Ms. Li Han, 50, has served as a member of the Board since March 2023. Since January 2022, Ms. Li Han has served as General Counsel of Mirana Corp., a global investment firm that focuses on Web3 technologies. From June 2021 to December 2021, she served as General Counsel of Bybit Fintech Limited, a cryptocurrency trading platform. Ms. Li Han was a partner of O’Melveny & Myers LLP, an international law firm, from March 2018 to May 2021. While Ms. Li Han was a partner at O’Melveny, O’Melveny represented Legacy FF (a wholly owned subsidiary of the Company), Yueting Jia, FF Global, Royod LLC, and Ocean View Drive Inc. (“Ocean View”). She was the Group General Counsel of Shanda Investment Group, a privately-owned investment group based in Singapore, from September 2011 to February 2018. Prior to that, Ms. Li Han was an associate in two global law firms, Davis Polk & Wardwell LLP and Sullivan & Cromwell. She received her Juris Doctor degree from Columbia University, M.A. from Peking University and B.A. from Fudan University.

Ms. Li Han is well-qualified to serve on the Board based on her extensive legal and compliance experience, including from her background as general counsel for various entities and as a partner in an international law firm.

Mr. Jie Sheng, 40, has served as a member of the Board since December 2022. Mr. Sheng is currently the Head of Operations & Finance Director of FF Global, a position he has held since June 2022. FF Global, through its subsidiary FF Top, is one of the Company's key stockholders. From October 2018 to June 2022, Mr. Sheng served as Deputy Managing Director of China Aviation Fuel (Europe) Limited, a wholly-owned subsidiary of China Aviation Oil (Singapore) Corporation ("CAO"), a Singapore Exchange-listed Company, which in turn is a majority-owned subsidiary of China National Aviation Fuel Group Corporation ("CNAF"), a Fortune 500 company, the largest Chinese state-owned aviation fuel supplier which integrates the purchase, transportation, storage, quality management, sales and into-plane service of aviation fuel in China. From October 2010 to October 2018, Mr. Sheng served as Executive Director of Finance of North American Fuel Corporation, also a wholly-owned subsidiary of CAO, which conducts aviation fuel procurement, supplies jet fuel, and engages in general aviation endeavors in North America. Mr. Sheng received a master's degree in accounting and financial economics from the University of Essex in 2008.

Mr. Sheng is well-qualified to serve on the Board based on his finance and operational experience.

Mr. Lev Peker, 42, has served as a member of the Board since August 4, 2023. Mr. Peker is an automotive and retail experienced C-Suite executive who has served in the CEO role as well as on the board of directors at various public and private organizations. He has a results-driven mindset and a strong track record of performance in turnaround and high-paced organizations. Mr. Peker is currently the CEO of PartsiD, a leading digital commerce platform for the automotive aftermarket, a position he has held since April 2023. Prior to this role, Mr. Peker served as the CEO of CarLotz, a nationwide used car consignment retailer (which recently merged with Shift Technologies), from April 2022 to December 2022. Prior to that role, Mr. Peker was the CEO of CarParts.com from 2019 to 2022 where he oversaw a more than doubling of annual revenue, a nearly fourfold improvement in EBITDA and an increase in market capitalization of over 500%. He also led the organization through a turnaround and strategic repositioning, while creating a 3-year plan to increase operational efficiency, maximize inventory, and improve the customer experience. Mr. Peker has also held various executive roles at Adorama, Sears Holdings Corporation and US Auto Parts in his career. Mr. Peker is a Certified Public Accountant (CPA), has an MBA from The Anderson School of Management at UCLA and a BS in Accounting from USC's Marshall School of Business.

Mr. Peker is well-qualified to serve on the Board based on his extensive corporate experience and expertise in the field.

There are no family relationships among any of our directors or executive officers.

Audit Committee Information

FF's Audit Committee currently consists of Lev Peker, Chad Chen and Jie Sheng, each of whom is "independent" as such term is defined for Audit Committee members under the rules of the SEC and the listing standards of Nasdaq. Lev Peker is the chair of the Audit Committee. The Board has determined that Lev Peker, Chad Chen and Jie Sheng each qualifies as an "audit committee financial expert" as defined under the rules of the SEC.

As more fully described in its charter, the primary responsibilities of the Audit Committee include (i) to appoint the independent registered public accounting firm and oversee the relationship, and approve the audit and non-audit services to be performed by the independent registered accounting firm; (ii) to review FF's quarterly and annual financial statements with management and the independent registered public accounting firm; (iii) to review FF's financial reporting processes and internal controls; (iv) to review and approve all transactions between FF and related persons; and (v) to discuss the policies with respect to risk assessment and risk management, information technology and cybersecurity risks, and other major litigation and financial risk exposures, and the steps management has taken to monitor and control such exposures.

The Audit Committee has adopted a written charter approved by the Board, which is available on FF's website at <https://investors.ff.com/corporate-governance/governance-overview>.

Guidelines for Selecting Director Nominees

The Nominating and Governance Committee (the "Nominating Committee") is responsible for, among other things, determining the criteria for Board membership, recommending Board candidates, and proposing any changes to the composition of the Board; provided that the nomination of directors by FF Top are subject to the Amended and Restated Shareholder Agreement ("A&R Shareholder Agreement"). The guidelines for selecting nominees, which are specified in the Nominating Committee charter, generally provide that persons to be nominated:

- should have demonstrated notable or significant achievements in business, education or public service;
- should possess the requisite intelligence, education and experience to make a significant contribution to the Board and bring a range of skills, diverse perspectives and backgrounds to its deliberations; and
- should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of the stockholders.

In selecting director nominees, the Nominating Committee shall consider a number of qualifications relating to management and leadership experience, background and integrity and professionalism in evaluating a person's candidacy for membership on the Board. The Nominating Committee may require certain skills or attributes, such as financial or accounting experience, to meet specific Board needs that arise from time to time and will also consider the overall experience and makeup of its members to obtain a broad and diverse mix of Board members.

It is the policy of the Nominating Committee to consider persons for Board nomination identified by its members, management, stockholders, investment bankers and others, and to evaluate those individuals using the same criteria. The Nominating Committee will not distinguish among nominees recommended by stockholders and other persons. The Company's stockholders may recommend nominees for consideration by the Nominating and Corporate Governance Committee by submitting the names and supporting information to the Company's Secretary or the Chair of the Nominating and Corporate Governance Committee; provided that the nomination of directors by FF Top are subject to the A&R Shareholder Agreement. Under the A&R Shareholder Agreement entered into between FF and FF Top, based on FF Top's voting power, FF Top currently has the right to nominate four out of nine directors on the Board.

Code of Ethics

FF has a Code of Ethics that applies to all of its employees, officers, and directors. This includes FF's principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions. The full text of the Code of Ethics is posted on FF's website at www.ff.com. FF intends to disclose on its website any future amendments of the Code of Ethics or waivers that exempt any principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions, or FF's directors from provisions in the Code of Ethics.

Delinquent Section 16(A) Reports

Under Section 16 of the Exchange Act, FF's directors, executive officers and any persons holding more than 10% of FF's common stock are required to report initial ownership of FF common stock and any subsequent changes in ownership to the SEC. Specific due dates have been established by the SEC, and FF is required to disclose below any failure to file required ownership reports by these dates. Based solely upon a review of forms filed with the SEC and the written representations of such persons, FF is aware of no late Section 16(a) filings except as follows: (i) for Rao Hong, failure to file a Form 4 related to a grant of performance stock option for start-of-production of the EV car model FF 91; (ii) for Matthias Aydt, a late Form 4 filing related to a purchase of Series A preferred stock; (iii) for Lev Peker, a late Form 4 filing related to a grant of restricted stock unit for his director services; (iv) for Li Han, a late Form 4 filing related to a grant of restricted stock unit for her director services; (v) for Chad Chen, a late Form 4 filing related to a grant of restricted stock unit for his director services; and (vi) for Jie Sheng, a late Form 4 filing related to a grant of restricted stock unit for his director services.

Item 11. Executive Compensation

This section discusses the material components of the executive compensation program for certain of FF's executive officers and directors. The share amounts discussed in this section have been adjusted to reflect the 1-for-3 reverse stock split effective March 1, 2024. As an "emerging growth company" as defined in the JOBS Act, FF is not required to include a Compensation Discussion and Analysis section and has elected to apply the scaled back disclosure requirements applicable to emerging growth companies, which require compensation disclosure for all individuals who served as FF's principal executive officer during 2023, its two most highly compensated executive officers other than the principal executive officer whose total compensation for 2023 exceeded \$100,000 and who were serving as executive officers as of December 31, 2023 and two additional individuals for whom disclosure would have been provided but for the fact that such individual was not serving as an executive officer at the end of 2023. We refer to these individuals as "named executive officers." For 2023, FF's named executive officers and the positions each held as of December 31, 2023 were:

- Mr. Matthias Aydt, Global Chief Executive Officer⁽¹⁾
- Mr. Xuefeng (XF) Chen, former Global Chief Executive Officer⁽²⁾
- Mr. Jonathan Maroko, Interim Chief Financial Officer⁽³⁾
- Ms. Yun Han, Former Chief Accounting Officer and Former Interim Chief Financial Officer⁽⁴⁾
- Mr. Chui Tin Mok, Global Executive Vice President and Global Head of User Ecosystem
- Mr. YT Jia, Chief Product and User Ecosystem Officer

(1) Mr. Aydt was appointed Global Chief Executive Officer effective September 29, 2023.

(2) Mr. XF Chen resigned from his position as Global Chief Executive Officer effective September 29, 2023.

(3) Mr. Maroko was appointed Interim Chief Financial Officer effective July 24, 2023.

(4) Ms. Han resigned from her position as Interim Chief Financial Officer of the Company effective July 5, 2023. Ms. Han resigned from her position as Chief Accounting Officer of the Company Effective February 2, 2024.

We expect that FF's executive compensation program will continue to evolve to reflect FF's status as a newly publicly-traded company, while still supporting FF's overall business and compensation objectives of attracting, motivating and retaining individuals who contribute to the long-term success of FF. The Compensation Committee of the Board is responsible for administering FF's executive compensation program and, at the direction of the Compensation Committee.

2023 Compensation of Named Executive Officers

Base Salary

Base salaries are intended to provide a level of compensation sufficient to attract and retain an effective management team, when considered in combination with the other components of the executive compensation program. In general, FF seeks to provide a base salary level designed to reflect each executive officer's scope of responsibility and accountability. Please see the "Salary" column in the "Summary Compensation Table — Fiscal 2023" for the base salary amounts received by each named executive officer in 2023.

Bonuses

Pursuant to the terms of their respective offer letter and employment agreement, as applicable, the named executive officers are eligible for a pro-rated discretionary target bonus for 2023 in the following amounts:

- Mr. Aydt in the amount of \$100,000.
- Mr. Chen in the amount of \$450,000.
- Mr. Maroko in the amount of \$250,000.
- Mr. Mok in the amount of \$300,000.
- Ms. Han in the amount of \$240,000.
- Mr. Jia in the amount of \$350,000.

Based on a review of the Company's performance in 2023, the Compensation Committee of the Board is in the process of determining whether to award these discretionary bonuses.

Equity Awards

To further focus FF's executive officers on FF's long-term performance, FF has granted equity compensation in the form of stock options and RSUs.

In early 2023, the Company granted Mr. Chen stock options to purchase 8,334 shares of Common Stock, which would vest in eight equal annual installments on each of the first eight anniversaries. Mr. Chen was also granted performance based stock options to purchase 4,167 shares of Common Stock, which would vest in four equal annual installments on each of the first four anniversaries of the start of production of the Company's FF 91 model. These awards were forfeited upon Mr. Chen's resignation.

In late 2023, the Company granted Mr. Maroko 19,324 RSUs, which will vest in four equal annual installments on each of the first four anniversaries.

Please see the “*Summary Compensation Table — Fiscal 2023*” and the “*Outstanding Equity Awards at 2023 Fiscal Year-End*” tables for further information regarding the equity grants received by the named executive officers during 2023.

Summary Compensation Table - Fiscal 2023

The following table sets forth certain information concerning compensation paid to the named executive officers for the fiscal year ended December 31, 2023 and, to the extent required by the SEC executive compensation disclosure rules, 2022:

Name and Principal Position	Year	Salary (\$) ⁽¹⁾	Bonus (\$) ⁽²⁾	Stock Awards (\$) ⁽³⁾	Option Awards (\$) ⁽⁴⁾	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Matthias Aydt Global Chief Executive Officer	2023	348,250	5,000	—	—	—	—	353,250
	2022	383,333	—	148	1,052	—	—	384,533
Xuefeng Chen Former Global Chief Executive Officer	2023	725,207	50,000	2,407	51,606	—	80,272	909,492
	2022	487,500	500,000	—	—	—	—	987,500
Jonathan Maroko Interim Chief Financial Officer	2023	165,758	100,000	13,391	—	—	—	279,149
Yun Han Former Chief Accounting Officer and Former Interim Chief Financial Officer	2023	390,000	325,000	—	—	—	—	715,000
	2022	73,976	200,000	4,983	—	—	—	278,959
Chui Tin Mok Global Executive Vice President and Global Head of User Ecosystem	2023	433,250	5,000	—	—	—	—	438,250
	2022	500,000	—	185	115	—	—	500,300
YT Jia Chief Product and User Ecosystem Officer	2023	390,750	50,000	—	—	—	—	440,750
	2022	397,900	—	1,148	68,988	—	15,728	483,764

- (1) The annualized base salaries for the named executive officers at the beginning of fiscal 2023 were as follows: Mr. Aydt \$400,000; Mr. Chen, \$900,000; Mr. Maroko, \$400,000 (upon his appointment as Interim Chief Financial Officer in July 2023); Ms. Han, \$400,000; Mr. Mok, \$500,000; and Mr. Jia, \$450,000. In connection with Mr. Chen's resignation as Global Chief Executive Officer, Mr. Chen's annual base salary was reduced to \$750,000 effective September 29, 2023. In October 2023, Messrs. Chen, Mok, Aydt and Jia agreed to a temporary salary reduction to an annualized minimum wage of \$66,000. In December 2023, as part of the Company's cost cutting initiatives, the base salaries of all named executive officers, other than Mr. Chen, were reduced by 30%, and Mr. Chen's salary was reduced by approximately 50%.
- (2) The amounts reported in this column for Mr. Chen, Ms. Han and Mr. Maroko represent cash signing and retention bonuses of \$500,000, \$520,000 and \$100,000, respectively.
- (3) The amounts reported in these columns reflect the grant date fair value of time-based RSUs, time-based stock option awards and PSU awards, as applicable, granted to the named executive officers during 2023 and 2022 and are accounted for in accordance with FASB ASC Topic 718. The awards were valued in accordance with FASB ASC Topic 718. The RSUs were fair valued using the December 29, 2023, closing share price of \$0.693.
- (4) The average of assumptions used to calculate the grant date fair value of the option awards granted in 2022 and 2023 are as follows: expected volatility of 94.19%, expected dividend yield of 0%, an assumed risk-free interest rate of 4.34% and expected term of 7.64 years.

Employment Agreements, Offer Letters and Other Compensatory Agreements

Matthias Aydt

Mr. Aydt entered into an offer letter with Faraday&Future, Inc., a California corporation and a wholly-owned subsidiary of FF (“FF U.S.”), dated March 31, 2016, that provided for his employment as Vehicle Line Executive. The offer letter provided for Mr. Aydt to receive an annual base salary of \$240,000. The offer letter also provided that Mr. Aydt would be paid a signing bonus of \$40,000 within 30 days of his start date of July 1, 2016 (the “employment Date”), as well as a settling in allowance of \$6,000. Pursuant to the offer letter, Mr. Aydt is entitled to receive a discretionary annual performance bonus (with a target amount of \$40,000). Mr. Aydt is also entitled to participate in FF U.S.’s health insurance, 401(k) plan, paid time off and paid holidays. Pursuant to the offer letter, Mr. Aydt was entitled to receive an employee stock option grant equal to 250,000

stock options. The stock option grant vested 25% on the first anniversary of the Employment Date and 1/36th on each of the following 36 months, subject to Mr. Aydt's continued employment. Pursuant to the offer letter, Mr. Aydt's employment constitutes employment at will.

Effective September 29, 2023, Mr. Aydt was appointed to the position of Global Chief Executive Officer of Faraday Future. In connection with his appointment to Global Chief Executive Officer, the Board approved an annual base salary of \$400,000, which was consistent with his salary as Senior Vice President of Business Development and Product Definition. Mr. Aydt is also eligible to receive a discretionary annual performance bonus of up to \$100,000.

Xuefeng Chen

Effective November 28, 2022 (the "Global CEO Effective Date"), Mr. XF Chen was appointed to the position of Global CEO. In connection with his appointment as Global CEO, FF and FF U.S., entered into an employment agreement with Mr. XF Chen, dated as of November 27, 2022 (the "XF Employment Agreement"), setting forth the terms of his employment and compensation. Pursuant to such employment agreement and contingent on continued service as Global CEO, Mr. XF Chen was entitled to a base salary of \$900,000 and was eligible for an annual performance-based bonus of up to \$600,000 under the FF's bonus plan beginning in 2023. Mr. XF Chen also received a cash signing and retention bonus of \$500,000, subject to repayment (i) in full within 15 business days of termination of Mr. XF Chen for "Cause" (as defined in the employment agreement), or (ii) on a pro-rated basis, within 15 days, if Mr. XF Chen either resigns or is terminated without Cause within 36 months of the Global CEO Effective Date. In addition, Mr. XF Chen was eligible to participate in the Faraday Future Intelligent Electric Inc. Amended and Restated 2021 Stock Incentive Plan (the "2021 Plan"). Subject to the terms of the 2021 Plan Mr. XF Chen has received \$250,000 in grant date fair value of restricted stock units ("RSUs"). Additionally, in accordance to the terms of the 2021 Plan and subject to approval by the Board, Mr. XF Chen (i) received, as of the first anniversary of the Global CEO Effective Date, \$300,000 in grant date fair value of RSUs, and (ii) would receive (A) as of the second anniversary of the Global CEO Effective Date, \$400,000 in grant date fair value of RSUs, (B) as of the third anniversary of the Global CEO Effective Date, \$450,000 in grant date fair value of RSUs, and (C) as of the fourth anniversary of the Global CEO Effective Date, \$600,000 in grant date fair value of RSUs. Each RSU grant would have vested in equal 25% increments on each of the first four anniversaries of the applicable grant date, provided Mr. XF Chen remained employed with the Company on each such vesting date.

Subject to approval by the Board and the terms of the 2021 Plan, Mr. XF Chen was eligible based on continued service as Global CEO to receive an additional number of PSUs having a target grant date fair value equal to \$2,000,000 if FF reached certain milestones and/or performance goals on certain dates, as specified by the Board (each a "Milestone"), and would have been granted as follows: (i) \$250,000 in value after FF achieves the first Milestone; (ii) \$300,000 in value after FF achieves the second Milestone; (iii) \$400,000 in value after FF achieves the third Milestone; (iv) \$450,000 in value after FF achieves the fourth Milestone; and (v) \$600,000 in value after FF achieves the fifth Milestone. If FF reached any such Milestone, the PSUs associated with such Milestone were to be issued on the date(s) such Milestone was reached and were to vest in equal one-third increments on each of the first three annual Milestone anniversary dates following the applicable grant date, provided Mr. XF Chen remained employed with FF on each such vesting date. On February 3, 2023, the Board granted Mr. XF Chen an additional \$650,000 of PSUs, which would have vested in equal one-fourth increments on each of the first four annual Milestone anniversary dates.

Pursuant to Mr. XF Chen's employment agreement, on February 3, 2023, Mr. XF Chen received an option to purchase 2,000,000 shares of the Class A Common Stock (the "Standard Grant") 50% of which would have vested in equal 25% increments on each of the first four anniversaries of the Global CEO Effective Date, and the other 50% would have commenced vesting on the fourth anniversary of the Global CEO Effective Date, and would have vested in equal 25% increments on each of the next four anniversaries of the Global CEO Effective Date following such date, in each case, subject to Mr. XF Chen's continued employment on each such vesting date. Mr. XF Chen also received a performance-based option to purchase 2,000,000 shares of Class A Common Stock, which started vesting upon the Company reaching certain milestones on certain dates, as specified by the Board (each, an "Option Milestone," and such grant, the "Milestone-Based Grant"). The portion of the Milestone-Based Grant subject to each Option Milestone commenced vesting on the date such Option Milestone was achieved and would vest in equal 25% increments on each of the subsequent four anniversaries of such date. The vesting of Mr. XF Chen's first 1,000,000 of the 2,000,000 performance-based option to purchase shares of Class A Common Stock started upon the completion of the start of production Option Milestone on March 29, 2023.

On September 16, 2023, Mr. XF Chen notified the Company of his decision to resign from his position as Global CEO of the Company effective September 29, 2023. Mr. XF Chen also resigned from his position as a member of the Board, effective September 29, 2023. Effective September 29, 2023, Mr. XF Chen resumed his prior position as FF China Chief Executive

Officer, based in China. In this position, Mr. XF Chen focused on the launch of the FF 91 2.0 Futurist Alliance in China and the next stage of developments with the dual home markets of China and the United States. Mr. XF Chen also focused on the implementation of the Company's China business development plans, including establishing FF China joint venture, accessing China automotive market, integrating the China supply chain, and ongoing costs reductions. In connection with his resignation as Global Chief Executive Officer, his employment agreement was modified to provide for a base salary of \$750,000 and eligibility for an annual performance-based bonus of up to \$450,000 under the Company's bonus plan. Mr. XF Chen's total annual cash target was reduced 20% to \$1,200,000. All other compensation terms set forth in his employment agreement remained unchanged.

Mr. XF Chen voluntarily terminated his employment with the Company in March 2024 and did not receive any severance and all unvested awards were forfeited.

Jonathan Maroko

Effective July 24, 2023, Mr. Maroko was appointed Interim Chief Financial Officer. In connection with Mr. Maroko's appointment, the Company entered into an offer letter with Mr. Maroko, pursuant to which Mr. Maroko will receive an annual base salary of \$400,000 and a signing and retention bonus consisting of \$200,000, payable in two installments in cash on his start date and upon completion of 12 months of employment with the Company (the "Cash Signing and Retention Bonus"). If Mr. Maroko voluntarily leaves the Company within 24 months of his start date, he must repay a pro-rata portion of the Cash Signing and Retention Bonus (or the entire Cash Signing and Retention Bonus in the case of a termination of his employment for cause).

Mr. Maroko is eligible to receive a discretionary annual performance bonus up to \$250,000. Subject to the terms of the Company's 2021 Stock Incentive Plan, Mr. Maroko is eligible to receive (i) as of his start date with the Company, \$200,000 in grant date fair value of RSUs (\$80,000 of which was received on Mr. Maroko's start date), (ii) as of his first annual work anniversary with the Company, \$300,000 in grant date fair value of RSUs, (iii) as of his second annual work anniversary with the Company, \$400,000 in grant date fair value of RSUs, (iv) as of his third annual work anniversary with the Company, \$500,000 in grant date fair value of RSUs, and (v) as of his fourth annual work anniversary with the Company, \$600,000 in grant date fair value of RSUs. Each RSU grant will vest in equal 25% increments on each of the first four anniversaries of the applicable grant date, provided Mr. Maroko remains employed with the Company on each such vesting date.

Subject to approval by the Board and the terms of the Company's 2021 Stock Incentive Plan, Mr. Maroko will be eligible to receive an additional number of PSUs having a target value equal to \$2,000,000 if the Company and Mr. Maroko reach certain milestones and/or performance goals on certain dates as specified by the Board (each, a "Milestone"). Such Milestones will be determined by the Board or a committee thereof. The PSUs will be granted as follows: (i) \$200,000 in target grant date fair value after the Company achieves the first Milestone, (ii) \$300,000 in target grant date fair value after the Company achieves the second Milestone, (iii) \$400,000 in target grant date fair value after the Company achieves the third Milestone, (iv) \$500,000 in target grant date fair value after the Company achieves the fourth Milestone, and (v) \$600,000 in target grant date fair value after the Company achieves the fifth Milestone. Each PSU grant will vest in equal one-third increments on each of the first three anniversaries of the applicable grant date, provided Mr. Maroko remains employed by the Company on each such vesting date.

In the event that Mr. Maroko's employment is terminated without cause or due to his death or disability or if he resigns for good reason, then, subject to his execution and non-revocation of a standard release of claims in favor of the Company and its affiliates, he will be entitled to (i) a lump sum payment equal to twelve months' base salary and (ii) the immediate vesting in full of all outstanding equity awards, with any applicable performance metrics to be deemed satisfied at the greater of target performance or actual performance measured on the termination date.

Yun Han

In connection with Ms. Han's appointment as Chief Accounting Officer and Interim Chief Financial Officer in October 2022, the Company entered into an offer letter with Ms. Yun Han, pursuant to which Ms. Han will receive an annual base salary of \$400,000 and a one-time signing and retention bonus consisting of \$200,000 in cash (the "Cash Signing and Retention Bonus") and RSUs having a grant date fair value of \$200,000, which fully vested 30 days after Ms. Yun Han's onboarding at the Company (the "Equity Signing and Retention Bonus" and together with the Cash Signing and Retention Bonus, the "Signing and Retention Bonus").

Ms. Han was eligible to receive a discretionary annual performance bonus of up to \$240,000. Subject to approval by the Board and the terms of the 2021 Plan, Ms. Han received as of her start date with the Company, \$300,000 in grant date fair value of RSUs. Additionally, Ms. Han (i) received as of her first annual work anniversary with the Company, \$400,000 in grant date fair value of RSUs, (ii) would receive as of her second annual work anniversary with the Company, \$550,000 in grant date fair value of RSUs, and (iii) would receive as of her third annual work anniversary with the Company, \$750,000 in grant date fair value of RSUs. Each RSU grant would vest in equal 25% increments on each of the first four anniversaries of the applicable grant date, provided Ms. Han remained employed with the Company on each such vesting date.

Subject to approval by the Board and the terms of the 2021 Plan, Ms. Han would be eligible to receive an additional number of PSUs having a target value equal to \$2,000,000 if the Company and Ms. Han reach certain milestones and/or performance goals on certain dates as specified by the Board. The first tranche of such PSUs were granted to Ms. Han as of her start date and had a grant date fair value of \$300,000 and would vest on the first three anniversaries of the start of production of the Company's FF 91 model.

On July 5, 2023, Ms. Han notified the Company of her decision to resign from her positions as Interim Chief Financial Officer, principal financial officer and principal accounting officer effective immediately. Ms. Han has continued her role as Chief Accounting Officer of the Company. In February 2024, Ms. Han resigned from the Company.

Chui Tin Mok

Mr. Mok entered into an offer letter with FF U.S., dated October 10, 2018, that provides for his employment as FF's Global UP2U EVP. The offer letter provides for Mr. Mok to receive an annual base salary of \$500,000. The agreement also provides that Mr. Mok will be paid a signing and retention bonus of \$1,000,000, which vests over 60 months through October 2023, and that he is entitled to receive a discretionary annual performance bonus (with a target amount of \$300,000). Mr. Mok is also entitled to participate in FF U.S.'s health insurance, 401(k) plan, paid time off and paid holidays.

Yueting Jia

Mr. Jia entered into an offer letter with Faraday&Future Inc. in March 2021 that provides for his employment as Founder and Chief Product and User Ecosystem. The offer letter provides for Mr. Jia to receive an annual base salary of \$600,000 and eligibility to receive an annual performance bonus of up to \$350,000. Mr. Jia is also entitled to participate in FF U.S.'s health insurance, 401(k) plan, paid time off and paid holidays.

Outstanding Equity Awards at 2023 Fiscal Year-End

FF Equity Awards:

The table below sets forth certain information concerning outstanding stock options to purchase Class A Common Stock of FF and RSUs and PSUs that were unvested as of December 31, 2023.

Name	Date of Grant	Option Awards					Stock Awards		
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, units or other rights that have not vested (#)
Matthias Aydt	2/1/2018	325		1 ⁽¹⁾	—	611.5	2/1/2028		
	5/30/2019	741		68 ⁽¹⁾	—	611.5	5/30/2029		
	7/26/2020	729		47 ⁽¹⁾	—	577.5	7/26/2030		
	4/28/2021	—		590 ⁽¹⁾	—	1907.4	4/28/2031		
	11/23/2022	45		44 ⁽¹⁾	—	213.6	11/23/2032		

	1/20/2021	1206	3,216 ⁽²⁾	—	664.1	1/20/2031				
Xuefeng Chen	7/4/2021	1001	1,944 ⁽²⁾	—	2670.1	7/4/2031				
	2/3/2023	1322	11,179 ⁽²⁾	—	259.2	2/3/2033	723 ⁽⁵⁾	501	2,508 ⁽⁸⁾	1,738
Jonathan Maroko	10/17/2023	—	—	—	—	—	19,324 ⁽⁶⁾	13,391	—	—
Yun Han	—	—	—	—	—	—	3,773 ⁽⁷⁾	2,614	—	—
	5/30/2019	2,969	568 ⁽³⁾	—	612	5/30/2029				
Chui Tin Mok	7/26/2020	872	100 ⁽³⁾	—	577.5	7/26/2030	—	—	—	—
	11/23/2022	6	5 ⁽³⁾	—	213.6	11/23/2032	—	—	—	—
Yueting Jia	12/15/2022	2,356	2,356 ⁽⁴⁾	—	213.6	12/15/2032	—	—	—	—

- (1) This option is scheduled to vest as follows (subject in each case to the named executive officer's continued employment through the applicable vesting date):
- With respect to 1 share, on January 1, 2024.
 - With respect to 68 shares, in 23 equal monthly installments on the second day of each month through November 2, 2025.
 - With respect to 47 shares, in 3 equal monthly installments on the sixteenth day of each month through March 16, 2024.
 - With respect to 590 shares, the vesting schedule is as follows:
 - With respect to 295 shares, in 48 equal monthly installments on the twenty-ninth day of each month through March 29, 2027.
 - With respect to 118 shares, in 48 equal monthly installments beginning on March 29, 2024.
 - With respect to 118 shares, in 48 equal monthly installments beginning on March 29, 2025.
 - With respect to 59 shares, in 48 equal monthly installments beginning on March 29, 2026.
 - With respect to 44 shares, in 4 equal annually installments on the twenty ninth day of March each year through March 29, 2027.
- (2) This option is scheduled to vest as follows (subject in each case to the named executive officer's continued employment through the applicable vesting date):
- With respect to 3,216 shares, the vesting schedule is as follows:
 - With respect to 1,742 shares, in 51 equal monthly installments on the fifteenth day of each month through March 15, 2028.
 - With respect to 1,474 shares, in 39 equal monthly installments on the twenty-ninth day of each month through March 29, 2027.
 - With respect to 1,944 shares, the vesting schedule is as follows:
 - With respect to 458 shares, in 19 equal monthly installments on the twenty first day of each month through July 21, 2025.
 - With respect to 372 shares, in 31 equal monthly installments on the twenty first day of each month through July 21, 2026.
 - With respect to 525 shares, in 43 equal monthly installments on the twenty first day of each month through July 21, 2027.
 - With respect to 589 shares, in 48 equal monthly installments beginning on July 21, 2024.
 - With respect to 11,179 shares, the vesting schedule is as follows:
 - With respect to 7,012 shares, in 7 equal annual installments on the twenty eighth day of November each year through November 22, 2030
 - With respect to 4,167 shares, in 4 equal annual installments on the twenty ninth day of March each year through March 29, 2027.
- (3) This option is scheduled to vest as follows (subject in each case to the named executive officer's continued employment through the applicable vesting date):
- With respect to 568 shares, the vesting schedule is as follows:
 - With respect to 14 shares on January 8, 2024.
 - With respect to 191 shares, in 13 equal monthly installments on the eighth day of each month through January 8, 2025.
 - With respect to 363 shares, in 25 equal monthly installments on the eighth day of each month through January 8, 2026.
 - With respect to 100 shares, the vesting schedule is as follows:
 - With respect to 216 shares, in 15 equal monthly installments on the 26th day of each month through March 16, 2024.
 - With respect to 36 shares, in 6 equal monthly installments on the 26th day of each month through Jun 26, 2024.
 - With respect to 36 shares, in 18 equal monthly installments on the 26th day of each month through Jun 26, 2025.
 - With respect to 31 shares, in 30 equal monthly installments on the 26th day of each month through June 26, 2026.
 - With respect to 44 shares, in 42 equal monthly installments on the 26th day of each month through June 26, 2027.
 - With respect to 5 shares, in 4 equal annually installments on the twenty ninth day of March each year through March 29, 2027.
- (4) This option is scheduled to vest as follows (subject in each case to the named executive officer's continued employment through the applicable vesting date): in 4 equal annually installments on the twenty ninth day of March each year through March 29, 2027.
- (5) These RSUs are scheduled to vest in equal 25% increments on each of the first four anniversaries of the applicable grant date, provided Mr. Chen remains employed with the Company on each such vesting date.
- (6) These RSUs are scheduled to vest in equal 25% increments on each of the first four anniversaries of the applicable grant date, provided Mr. Maroko remains employed with the Company on each such vesting date.
- (7) These RSUs are scheduled to vest in equal 25% increments on each of the first four anniversaries of the applicable grant date, provided Ms. Han remains employed with the Company on each such vesting date.
- (8) These PSUs are scheduled to vest in equal 25% increments on each of the first four anniversaries of the start of delivery of the Company's FF 91 model, provided Mr. Chen remains employed with the Company on each such vesting date.

FF Global Equity Awards:

Certain members of Company management and other Company employees are equity owners of FF Global, which beneficially owned less than 1% of the voting power of FF's fully diluted Common Stock as of May 15, 2024. MHL is an independent investment fund with investors including FF Global. As such, MHL is a related party of the Company as MHL's investors include a subsidiary of FF Global. FF Global has control over the Company's management, business and operations. MHL did not hold beneficially ownership of the voting power of FF's fully diluted Common Stock as of May 15, 2024. The below sets forth the FF Global and MHL's equity interests for each of the named executive officers as of December 31, 2023.

FF Global Awards

Name	Date of Grant	Number of Securities Underlying Unexercised Awards Exercisable	Number of Securities Underlying Unexercised Awards Unexercisable	Per-Unit Purchase Price (\$)	Award Expiration Date
Matthias Aydtt	—	—	—	—	—
Xuefeng Chen	—	—	—	—	—
Jonathan Maroko	—	—	—	—	—
Yun Han	—	—	—	—	—
Chui Tin Mok ⁽¹⁾	6/25/2019	3,250	—	120	6/25/2029
YT Jia	—	—	—	—	—

(1) The FF Global equity interests are fully vested and exercisable. However, if the executive does not pay an installment of the purchase price when due, the equity interests related to that installment will be forfeited to FF Global without consideration.

Description of Retirement Plans

FF maintains a defined contribution 401(k) plan for the benefit of its full-time employees based in the United States. This 401(k) plan is intended to qualify under Section 401 of the Internal Revenue Code of 1986, as amended (the “Code”), so that employee contributions and income earned on such contributions are not taxable to employees until withdrawn. Employees may elect to defer a portion of their eligible compensation, not to exceed the statutorily prescribed annual limit, in the form of elective deferral contributions to this 401(k) plan. This 401(k) plan also has a “catch-up contribution” feature for employees aged 50 or older (including those who qualify as “highly compensated” employees) who can defer amounts over the statutory limit that applies to all other employees. Currently, FF does not make any discretionary or matching employer contributions to the 401(k) plan. Participants are always vested in their contributions to the 401(k) plan.

Director Compensation Table — Fiscal 2023

The following table sets forth certain information concerning compensation paid to each of FF’s non-employee directors during 2023. Mr. Aydtt, Mr. Mok and Mr. Xuefeng Chen served in 2023 as directors and employees of FF; however, they did not receive any additional compensation for their service on the Board during 2023. Please see the “— Summary Compensation Table — Fiscal 2023” for the compensation received by Mr. Chen and Mr. Aydtt during 2023.

Name	Fee Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Total (\$)
Chad Chen ⁽¹⁾	144,267	10,664	—	22,916
Li Han ⁽¹⁾	27,603	10,200	—	772,702
Adam (Xin) He ⁽²⁾	257,708	736	—	68,739
Lev Peker ⁽¹⁾	14,712	7,017	—	538,314
Jie Sheng ⁽¹⁾	134,606	10,488	—	3,848
Ke Sun ⁽²⁾	78,013	414	—	771

(1) Messrs. Chad Chen, Sheng and Peker and Ms. Han were appointed to the Board effective October 27, 2022, December 18, 2022, August 4, 2023, and March 13, 2023, respectively.

(2) Mr. He resigned from the Board effective July 31, 2023. Ms. Sun resigned from the Board effective October 10, 2023.

Non-Employee Director Compensation Policy

The following director compensation program relates to FF’s non-employee directors and accordingly, Messrs. Xuefeng Chen did not, and Mr. Aydtt and Mr. Mok do not, receive compensation for their services as directors. The FF non-employee director compensation program provides for the following:

- Annual Board Cash Retainer: \$50,000
- Annual Lead Independent Director Cash Retainer: \$20,000
- Annual Committee Member Cash Retainers:
 - Audit Committee: \$10,000

- Compensation Committee: \$6,250
- Nominating and Corporate Governance Committee: \$5,000
- Finance & Investments Committee: \$5,000
- *Annual Executive Chairperson and Committee Chair Cash Premiums:*
 - Executive Chairperson: \$30,000
 - Audit Committee: \$15,000
 - Compensation Committee: \$10,000
 - Nominating and Corporate Governance Committee: \$7,500
 - Finance & Investments Committee: \$7,500
- *Annual RSU Award:* \$150,000
- *Compensation for Additional Time:* \$1,500 per Board or Board committee meeting (excepting meetings of special committees of the Board) for every meeting above 15 per year (measured from August 1 to July 31 of each year), up to a maximum of \$20,000 for each calendar month.

Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters

The following table and accompanying footnotes set forth information with respect to the beneficial ownership of Common Stock, as of May 17, 2024, for (1) each person known by us to be the beneficial owner of more than 5% of the outstanding shares of Common Stock, (2) each member of the Board, (3) each of our named executive officers and (4) all of the members of the Board and our executive officers, as a group. As of May 17, 2024, there were outstanding 439,674,662 shares of Class A Common Stock, 266,670 shares of Class B Common Stock, and 98,552 outstanding warrants to purchase shares of Class A Common Stock.

The beneficial ownership percentages set forth in the table below are based on 439,941,332 shares of Class A Common Stock issued and outstanding as of May 17, 2024, (including for this purpose, 439,674,662 shares of Class A Common Stock issuable upon conversion of 266,670 shares of Class B Common Stock held by FF Top, all as issued and outstanding shares as of May 17, 2024) and do not take into account the issuance of any shares of Class A Common Stock upon the exercise of warrants to purchase up to 9,799,425 shares of Class A Common Stock that remain outstanding, the exercise of any of the 87,109 outstanding options and vesting of unvested 5,003 RSUs (both within 60 days May 17, 2024), or the conversion of any of the outstanding convertible notes. In computing the number of shares of Common Stock beneficially owned by a person, we deemed to be outstanding all shares of Common Stock subject to warrants and stock options held by the person that are currently exercisable or may be exercised within 60 days of May 17, 2024. We did not deem such shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Beneficial ownership for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. A person is a “beneficial owner” of a security if that person has or shares “voting power,” which includes the power to vote or to direct the voting of the security, or “investment power,” which includes the power to dispose of or to direct the disposition of the security or has the right to acquire such powers within 60 days.

Unless otherwise noted in the footnotes to the following table, and subject to applicable community property laws, the persons and entities named in the table have sole voting and investment power with respect to their beneficially owned Common Stock. Unless otherwise indicated, the business address of each person listed in the table below is c/o Faraday Future Intelligent Electric Inc., 18455 S. Figueroa Street, Gardena, California 90248.

Title of Class	Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percentage of Class
<i>Holder of Over 5%:</i>			
Class A Common Stock	N/A		
<i>Director Nominees and Executive Officers</i>			
Class A common Stock	Matthias Ayd ^{(1)**}	2,450	*
Class A common Stock	Chad Chen ^{****}	15,389	*
Class A common Stock	Xuefeng Chen ^{(2)***}	1,480	*
Class A common Stock	Yun Han ^{(3)*****}	3,228	*
Class A common Stock	Li Han ^{****}	14,719	*
Class A common Stock	Chui Tin Mok ^{(4)*****}	4,866	*
Class A common Stock	Jie Sheng ^{****}	15,134	*
Class A common Stock	Lev Peker ^{****}	10,125	*
Class A common Stock	Jonathan Maroko ^{(5)*****}	4,831	*
Class A common Stock	Yueting Jia ^{(6)*****}	4,777	*
	All executive officers and directors as a group (12 individuals)	79,620	*

* Less than 1%.

** Mr. Matthias Ayd was appointed Global CEO of the Company effective as of September 29, 2023.

*** Mr. Xuefeng Chen was appointed Global CEO of the Company effective as of November 27, 2022 and was appointed as a director of the Board on December 27, 2022. Mr. Chen resigned from his positions as Global CEO and director effective as of September 29, 2023.

**** Mr. Chad Chen was appointed as a director of the Board as of October 27, 2022. Mr. Jie Sheng was appointed as a director of the Board on December 18, 2022. Mr. Chui Tin Mok was appointed as a director of the Board on January 25, 2023. Ms. Li Han was appointed as a director of the Board on March 13, 2023. Mr. Lev Peker was appointed as a director of the Board on August 4, 2023.

***** Ms. Yun Han was appointed as Chief Accounting Officer and Interim Chief Financial Officer of the Company on October 22, 2022, effective as of October 25, 2022. Ms. Han resigned from her position as Interim Chief Financial Officer of the Company effective as of July 5, 2023. Ms. Han resigned from her position as Chief Accounting Officer of the Company as of February 2, 2024.

***** Mr. Jonathan Maroko was appointed Interim Chief Financial Officer of the Company effective as of July 24, 2023.

***** On February 26, 2023, Mr. Yueting Jia was determined to be an “officer” of the Company within the meaning of Section 16 of the Exchange Act and an “executive officer” under Rule 3b-7 under the Exchange Act.

(1) Includes options to acquire 2,032 shares of Class A Common Stock that have vested or will vest within 60 days of May 17, 2024. To the Company’s knowledge, Mr. Ayd has not sold any shares since the Company became a public company.

(2) Includes options to acquire 1,322 shares of Class A Common Stock that have vested or will vest within 60 days of May 17, 2024. To the Company’s knowledge, Mr. Xuefeng Chen has not sold any shares since the Company became a public company.

(3) Includes 1,431 RSUs having a grant date fair value of \$200,000, which fully vested within 30 days of the effective date of Ms. Han’s appointment as Interim Chief Financial Officer. To the Company’s knowledge, Ms. Han has not sold any shares since the Company became a public company.

(4) Includes options to acquire 4,160 shares of Class A Common Stock that have vested or will vest within 60 days of May 17, 2024. To the Company’s knowledge, Mr. Mok has not sold any shares since the Company became a public company.

(5) Includes right to acquire 2,945 shares of Class A Common Stock that will vest within 60 days of May 17, 2024. To the Company’s knowledge, Mr. Maroko has not sold any shares since the Company became a public company.

(6) Includes options to acquire 2,945 shares of Class A Common Stock that have vested or will vest within 60 days of May 17, 2024. To the Company’s knowledge, Mr. Jia has not sold any shares since the Company became a public company.

Item 13. Certain Relationships and Related Person Transactions, and Director Independence

In addition to the executive officer and director compensation arrangements discussed in the section titled “Executive and Director Compensation” above, described below are the transactions since January 1, 2021 to which the Company has been a participant, in which the amount involved in the transaction exceeds or will exceed \$120,000 and in which any of the Company’s directors, executive officers, director nominees or holders of more than 5% of the Company’s capital stock, or any immediate family member of, or person sharing the household with, any of these individuals, had or will have a direct or indirect material interest.

Certain Relationships and Related Person Transactions – the Company

Amended and Restated Registration Rights Agreement

In connection with the consummation of the Business Combination on July 21, 2021, Property Solutions Acquisition Sponsor, LLC (the “PSAC Sponsor”), EarlyBirdCapital, Inc., FF Top Holding Ltd. and Season Smart Ltd. (“Season Smart”) (collectively, the “A&R RRA Parties”) entered into the Amended and Restated Registration Rights Agreement (the “A&R RRA”) with the Company, which became effective upon the consummation of the Business Combination. In accordance with the A&R RRA, the A&R RRA Parties are entitled to have registered, in certain circumstances, the resale of shares of Class A Common Stock (and the shares of Class A Common Stock underlying outstanding Company warrants) held by or issued to them at the closing of the Business Combination, subject to the terms and conditions set forth therein. Within 45 days of the closing of the Business Combination, the Company was obligated to file a shelf registration statement to register the resale of certain securities and the Company was required to use its reasonable best efforts to have such shelf registration statement declared effective as soon as practicable after the filing thereof and no later than the earlier of (x) the 90th calendar day following the filing date if the SEC notifies the Company that it will “review” the shelf registration statement and (y) the tenth (10th) business day after the date the Company is notified in writing by the SEC that such shelf registration statement will not be “reviewed” or will not be subject to further review. Additionally, at any time and from time to time after one year (or 180 days with respect to Season Smart Ltd.) after the closing of the Business Combination, the A&R RRA Parties representing a majority-in-interest of the total number of shares of Class A Common Stock issued and outstanding on a fully diluted basis held by the A&R RRA Parties (or Season Smart) may make a written demand for registration for resale under the Securities Act of all or part of the shares of Class A Common Stock (and the shares of Class A Common Stock underlying outstanding Company warrants) held by or issued to them at the closing of the Business Combination in an underwritten offering involving gross proceeds of no less than \$50,000,000. The Company will not be obligated to effect more than an aggregate of two underwritten offerings per year (or three underwritten offerings per year demanded by Season Smart) and, with respect to Season Smart, such shares of Class A Common Stock do not exceed more than 10% of the outstanding shares of the Company. The A&R RRA Parties will also be entitled to participate in certain registered offerings by the Company, subject to certain limitations and restrictions. The Company will be required to pay certain expenses incurred in connection with the exercise of the registration rights under the A&R RRA.

Indemnification Agreements

In connection with the closing of the Business Combination, the Company entered into indemnification agreements with its directors and executive officers. Those indemnification agreements and the Bylaws require the Company to indemnify all directors and officers to the fullest extent permitted by Delaware law against any and all expenses, judgments, liabilities, fines, penalties, and amounts paid in settlement of any claims. The indemnification agreements also provide for the advancement or payment of all expenses to the indemnitee and for reimbursement to the Company if it is found that such indemnitee is not entitled to such indemnification under applicable law.

Amended and Restated Shareholder Agreement

In connection with the Business Combination, the Company and FF Top entered into the Existing Shareholder Agreement pursuant to which, among other things:

- the Company and FF Top agreed on the initial composition of the Board;
- FF Top has certain rights to nominate a number of directors to the Board;
- FF Top has certain rights to remove and replace its director designees; and
- FF Top also has the right for its nominees to serve on each committee of the Board proportionate to the number of nominees it has on the Board, subject to compliance with applicable law and stock exchange listing rules.

Under the Existing Shareholder Agreement, the Company and FF Top also agreed:

- to take all reasonably necessary action (subject to applicable Board fiduciary duties) to cause the initial directors to be nominated for another one-year term at the Company’s first annual general meeting following the closing of the Business Combination; and
- that Ms. Susan Swenson, Mr. Edwin Goh, Mr. Brian Krolicki and Mr. Lee Liu shall be deemed to be FF Top’s designees for the Company’s first and second annual general meetings following the closing of the Business Combination.

On September 23, 2022, the Company entered into the Heads of Agreement, and, on January 13, 2023, the Company entered into the Amended and Restated Shareholder Agreement, pursuant to which the Company and FF Top agreed to the following matters:

- FF Top will have the right to nominate for election to the Board four FF Top Designees until the first date on which FF Top has ceased to beneficially own at least 88,889 shares of Common Stock for at least 365 consecutive days, with such amount subject to adjustment in connection with any stock split, reverse stock split or other similar corporate action after the date of the Amended Shareholder Agreement (the “Minimum Share Amount”). Following the termination of FF Top’s right to nominate four FF Top Designees, FF Top shall continue to have the right to nominate a number of FF Top Designees not less than the number equal to the total number of directors on the Board, multiplied by the aggregate voting power of the shares of Common Stock and other securities of the Company generally entitled to vote in the election of directors of the Company beneficially owned by FF Top and its affiliates, divided by the total voting power of the then-outstanding shares of Common Stock issued as of the record date for any meeting of stockholders of the Company at which directors are to be elected, rounding up to the next whole director. The Amended and Restated Shareholder Agreement also requires the Company to take all necessary action to cause to be appointed to any committee of the Board a number of FF Top Designees that corresponds to the proportion that the number of directors FF Top has the right to designate to the Board bears to the total number of directors on the Board, to the extent such FF Top Designees are permitted to serve on such committees under the applicable rules and regulations of the SEC and applicable listing rules. The FF Top Designees are required to include two independent directors for so long as FF Top is entitled to nominate four FF Top Designees, and the Company is at all times required to cause the Board to include a sufficient number of independent directors who are not FF Top Designees to comply with applicable listing standards, unless and until the Company becomes a “controlled company” under relevant listing exchange rules. FF Top shall have the right to fill any vacancies created on the Board at any time by the death, disability, retirement, removal, failure of being elected or resignation of any FF Top Designee. Further, FF Top has the right at any time, and from time to time, to remove any FF Top Designee, and FF Top has the exclusive right to nominate a replacement nominee to fill any vacancy so created by such removal or resignation of such FF Top Designee. The Company shall use its reasonable best efforts to take or cause to be taken, to the fullest extent permitted by law, all necessary action to fill such vacancies or effect such removals in accordance with the Amended and Restated Shareholder Agreement. The appointment or nomination for election of designees of FF Top (other than FF Top Designees for the Annual Meeting, the appointment of whom shall be governed by the Heads of Agreement, as amended by the Amended and Restated Shareholder Agreement) will be subject to the reasonable verification and/or approval by the Nominating and Corporate Governance Committee of the Board based on the criteria set forth in the Amended and Restated Shareholder Agreement. If any FF Top Designee fails to be elected at any meeting of the Company’s stockholders, then, upon FF Top’s request in writing, the Company shall promptly expand the size of the Board by a number of seats equal to the number of non-elected FF Top Designees, and FF Top shall have the exclusive right to fill the vacancy or vacancies on the Board created by such expansion (provided the individual or individuals who shall fill such vacancy or vacancies shall not be the same FF Top Designees who failed to get elected, without prejudice to FF Top’s right to re-designate the non-elected designees as FF Top Designees in any other circumstance), and such new FF Top Designees shall be appointed to the Board by the Board promptly following their having been approved or deemed approved in accordance with the relevant criteria and procedures set forth in the Amended and Restated Shareholder Agreement. Immediately prior to (and effective as of) the first meeting of shareholders following such expansion of the Board, the Board shall cause the size of the Board to be decreased back to seven. This Board expansion right shall cease to have any further force or effect at such time as the voting power of each share of Class B Common Stock, by operation of the Charter, shall be twenty votes per share.
- The size of the Board may not be increased without FF Top’s prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed (with it being reasonable for FF Top to withhold its consent to any change in the size of the Board that would result in a decrease in the proportion or percentage of the members of the Board who are designees of FF Top).
- Until the Company achieves an equity market capitalization of \$3 billion, the Company agrees not to elect to be treated as a “controlled company” as defined under the rules of the securities exchange on which the Company is listed.
- The Company agrees to cooperate with any written requests by FF Top relating to any such pledge of any of the shares of Common Stock of the Company owned by FF Top, or hypothecation or grant thereof, including delivery of letter agreements to lenders in form and substance reasonably satisfactory to such lenders (which may include agreements by the Company in respect of the exercise of remedies by such lenders) and, subject to applicable law (as defined in the

Amended Shareholder Agreement), instructing the transfer agent to transfer any such shares of Common Stock subject to the pledge, hypothecation or grant into the facilities of The Depository Trust Company without restricted legends.

- FF Top has informed the Company that FF Top expects the following proposals will be submitted to the Company's stockholders for approval. Upon FF Top's written request (an "Amendment Request"), the Company shall submit for approval by the Company's stockholders, at each annual and special meeting of the Company's stockholders held during a reasonable number of years (which shall not be, in any event, fewer than seven years) following the date of the Amendment Request, binding proposals to amend the Charter to incorporate each of the amendments described below (the "Charter Amendments"), and to recommend in favor of such Charter Amendments at each such meeting and solicit proxies in favor of each such Charter Amendment at each such meeting using a well-regarded proxy solicitation firm. Each Charter Amendment is required to be in such form as FF Top, acting reasonably, shall approve:
 - Amend Section 4.5(a) of the Charter (and any other applicable provisions thereof, if any) to provide that (i) the voting power of the Company's Class B Common Stock shall be ten votes per share with effect immediately upon the Company's stockholders' approval of such amendment and (ii) the voting power of the Company's Class B Common Stock shall increase from ten votes per share to twenty votes per share immediately following the Company achieving a Qualifying Equity Market Capitalization (substituting \$3.0 billion for \$20.0 billion in the definition of "Qualifying Equity Market Capitalization").
 - Amend Section 6.1 of the Charter (and any other applicable provisions thereof, if any) to provide that FF Top shall have the right to nominate, remove and/or replace FF Top Designees whom it is entitled to nominate pursuant to the Amended Shareholder Agreement by written consent, with such conforming changes to the certificate of incorporation as are required to give legal effect to the right to act by written consent under Delaware law.
 - Further amend Section 6.1 of the Charter (and any other applicable provisions thereof, if any) to provide that for so long as FF Top continues to hold at least 15,168 shares of Common Stock (as such number may be adjusted due to any stock split, reverse stock split or other similar corporate action), the Company's stockholders shall be entitled to act by written consent by the signature of (a) the requisite number of stockholders required to pass such proposal at a meeting at which all stockholders entitled to vote on such proposal are present together with (b) FF Top.
 - Further amend the Charter to provide that none of the rights afforded to FF Top in the Charter or in the Bylaws shall be amended without (a) unanimous approval of the Board and (b) the approval by (i) holders of two-thirds of all of the Company's issued and outstanding shares of Common Stock, voting together as a single class and (ii) holders of a majority of the Company's issued and outstanding shares of Class B Common Stock, voting together as a separate class.

If, when FF Top first delivers an Amendment Request, the Company's next annual meeting is scheduled to be held more than 120 days after the date of such request (or the Company has already mailed a definitive proxy statement with respect to the Company's next annual meeting of stockholders), the Company shall promptly call a special meeting of its stockholders to consider and vote upon the Charter Amendments, with the same recommendation and solicitation obligations of the Board described above. Promptly upon receipt of an Amendment Request, the Company shall also, in cooperation with FF Top, make such conforming changes to the Bylaws as may reasonably be requested by FF Top to make them consistent with the Charter Amendments.

- The Company has 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. Such consent right expires upon the earlier of (a) the conversion of the voting power of the Company's Class B Common Stock from one vote per share to ten votes per share and (b) the first date on which FF Top has ceased to beneficially own a number of shares of Common Stock at least equal to the Minimum Share Amount.
- The Company has agreed that the investors under the SPA shall have, by operation of the Amended and Restated Shareholder Agreement and irrespective of any provision of the SPA to the contrary, 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 investor, and that the Company shall take any and all such further action as may be necessary or desirous to give full effect to the foregoing (including without limitation, irrevocably waiving any rights

that the Company may have to restrict the entry by any such persons into any such voting agreements or voting proxies pursuant to the SPA or otherwise and, solely to the extent required, amending the SPA). Each party to the SPA is a third-party beneficiary of, and may enforce, the foregoing provision under the Amended Shareholder Agreement; however, the Company and FF Top are permitted, acting alone without the consent of any such third-party beneficiary, to amend such provision in writing.

- FF Top agreed 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 million to 1.69 billion (before giving effect to the subsequent 1-for-80 and 1-for-3 reverse stock splits) at the next meeting of the Company's stockholders held to consider such proposal (as such meeting may be adjourned or postponed). FF Top also agreed 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. Such proposal was approved at a special meeting of stockholders of the Company on February 28, 2023.
- FF Top released and waived any and all 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"). The FF Top Release does not (i) release any FF Top Claim or right that existed on or prior to September 23, 2022 but was not released pursuant to that certain Mutual Release, dated as of September 23, 2022, by and among the Company, FF Top, FF Global Partners LLC and the other parties thereto (the "Prior Release") or (ii) release any claim or right under (or terminate) any agreement between one or more FF Top Parties on the one hand, and one or more Company Parties on the other hand (including without limitation the Amended and Restated Shareholder Agreement, the Heads of Agreement and the Prior Release).
- The Company also 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 and Restated Shareholder Agreement; provided that the Company Release does not (i) release any claim or right that existed on or prior to September 23, 2022 but was not released pursuant to the Prior Release or (ii) release any claim or right under (or terminate) any agreement between one or more FF Top Parties on the one hand, and one or more Company Parties on the other hand (including without limitation the Amended and Restated Shareholder Agreement, Heads of Agreement and the Prior Release).

FF Shareholder Lockup Agreements

Under the Merger Agreement, as a condition to receiving Class A Common Stock after the closing of the Business Combination in respect of their Legacy FF ordinary shares, Legacy FF's stockholders were required to execute lockup agreements pursuant to which such stockholders must agree not to sell, transfer or take certain other actions with respect to such shares of Class A Common Stock for a period of 180 days after the closing of the Business Combination, subject to certain customary exceptions. Under the lock-up agreement entered into by the Vendor Trust, certain holders of Legacy FF notes payable and related party notes payable and certain warrant holders of Legacy FF, subject to certain limited exceptions, such parties agree that with respect to (a) 33% of the shares of Class A Common Stock received by such Legacy FF stakeholders in connection with the closing of the Business Combination, not to sell, transfer or take certain other actions with respect to such shares of Class A Common Stock for a period of 30 days after such closing (which expired on August 20, 2021), (b) 33% of the shares of Class A Common Stock received by such Legacy FF stakeholders in connection with such closing (which expired on September 19, 2021), not to sell, transfer or take certain other actions with respect to such shares of Class A Common Stock for a period of 60 days after such closing, and (c) the remaining 33% of the shares of Class A Common Stock received by such Legacy FF stakeholders in connection with the Business Combination, not to sell, transfer or take certain other actions with respect to such shares of Class A Common Stock for a period of 90 days after such closing. The shares of Class A Common Stock to be issued to FF employees on account of their reduced compensation will be subject to a vesting period of 90 days. The lockup agreements expired as of January 17, 2022.

Sponsor Lockup Agreement

Under the Merger Agreement, as a condition to Legacy FF's obligation to close the Business Combination, PSAC was required to deliver to Legacy FF a lockup agreement executed by the PSAC Sponsor pursuant to which the PSAC Sponsor agreed that (a) 50% of the shares of PSAC common stock held by the PSAC Sponsor would not be sold, transferred or otherwise disposed of for a period ending the earlier of (i) the one year anniversary of the closing of the Business Combination (or July 21, 2022), and (ii) the date on which the closing price of shares of PSAC common stock on the principal securities exchange or securities market on which such shares are then traded equaled or exceeded \$12.50, before giving effect to 1-to-80 and 1-to-3 reverse stock splits, per share for any twenty trading days within any thirty trading day period after the closing of the Business Combination; and (b) the other 50% of the shares of PSAC common stock held by the PSAC Sponsor will not be sold, transferred or otherwise disposed of for a period ending earlier of (i) the one year anniversary of the closing of the Business Combination (or July 21, 2022) and (ii) the date on which PSAC completes a liquidation, merger, capital stock exchange or other similar transaction that results in all of PSAC's stockholders having the right to exchange their shares for cash, securities or other property. The lockup agreement expired on July 21, 2022.

Governance Agreement with FF Top and FF Global

As previously disclosed, beginning in June 2022, the Company was party to a dispute with FF Global, its then-largest stockholder, over various terms of the Existing Shareholder Agreement, including relating to FF Global's right to remove its designees from the Board. On September 23, 2022, the Company entered into the Heads of Agreement, pursuant to which, effective as of September 23, 2022, the Company (a) increased the size of the Board from nine to ten, (b) appointed Mr. Adam (Xin) He to fill the vacancy resulting from such increase in the size of the Board until the Annual Meeting, (c) appointed Mr. He to the Audit Committee and the Nominating and Corporate Governance Committee of the Board and (d) agreed to not remove Mr. He from either committee prior to the Annual Meeting. 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. On January 13, 2023, the Company entered into the Amended and Restated Shareholder Agreement, which amends certain terms of the Heads of Agreement.

Pursuant to the Heads of Agreement, as amended by the Amended and Restated Shareholder Agreement, the Company, FF Global and FF Top agreed to the following matters:

- the resignation of the Company's Executive Chairperson, Ms. Susan Swenson, from all non-director positions at the Company and all Board leadership and Board committee positions, upon the Company receiving \$13.5 million in funding that is immediately available for the Company's general use (which was satisfied upon the funding of the initial \$10 million tranche of SPA Notes to Senyun on October 27, 2022). It was also agreed that Ms. Swenson would not thereafter seek or accept new non-director positions at the Company;
- the reinstatement of the former FF Transformation Committee, a management committee that will discuss business matters being undertaken by the Company (the committee will not have any decision-making authority) and be comprised of the Company's Global Chief Executive Officer (Mr. Xuefeng Chen), Founder/Chief Product and User Ecosystem Officer and Founder Advisor to the Board (Mr. Yueting Jia), Interim Chief Financial Officer (Ms. Yun Han), the General Counsel and other senior leadership team members invited by members of the FF Transformation Committee from time to time, with Mr. Jiawei Wang (an FF Top designee) being given committee observer status subject to certain customary non-disclosure and confidentiality agreements; and
- subject to the Company having entered into definitive agreements providing for at least \$85 million of additional or (in certain circumstances, accelerated) financing commitments in the aggregate and having received funding of at least \$35 million immediately available for the Company's general use in connection therewith (which condition was, pursuant to the Amended and Restated Shareholder Agreement, agreed to be satisfied):
 - the Company would call, convene, hold and complete an Annual Meeting on the earliest date permitted under Delaware law and applicable Nasdaq and SEC requirements;
 - the size of the Board would be reduced to seven members effective with the directors to be elected at the next Annual Meeting;

- the following individuals were nominated for election to the Board and included on the Board's recommended slate at the Annual Meeting: (a) the Company's then-Global CEO, (b) four FF Top Designees, at least two of whom will be independent directors, and (c) two independent directors selected by the Selection Committee, for which any member of the Selection Committee may propose director candidates who will be included in the process with all final decisions made by the Selection Committee;
- no re-nomination of FF directors as of the date of the Heads of Agreement at the next Annual Meeting without the consent of the Selection Committee;
- FF Top has the right to nominate for election to the Board four designees until the first date on which FF Top has ceased to beneficially own the Minimum Share Amount. Following the termination of FF Top's right to nominate four designees, FF Top shall continue to have the right to nominate a number of designees not less than the number equal to the total number of directors on the Board, multiplied by the aggregate voting power of the shares of Common Stock and other securities of the Company generally entitled to vote in the election of directors of the Company beneficially owned by FF Top and its affiliates, divided by the total voting power of the then-outstanding shares of Common Stock issued as of the record date for any meeting of stockholders of the Company at which directors are to be elected, rounding up to the next whole director; and
- the resignation of Ms. Swenson and Mr. Brian Krolicki as directors of the Company. It was also agreed that (i) Ms. Swenson and Mr. Krolicki would not thereafter seek or accept re-appointment, re-nomination or re-election to the Board and (ii) that following their resignations from the Board, their seats would be left empty until the Annual Meeting (which would result in the Company having an eight person Board until the Annual Meeting).

On October 3, 2022, Ms. Swenson tendered her resignation from her role as both Executive Chairperson and member of the Board effective immediately. On October 28, 2022, Mr. Brian Krolicki tendered his resignation from the Board effective immediately.

Mutual Release

On September 23, 2022, the Company entered into a Mutual Release (the "Mutual Release") with FF Global, its executive committee members and their controlled affiliates, FF Global's controlled affiliates (including FF Top), and the directors of the Company and their controlled affiliates (collectively, and together with the Company, the "Release Parties"), pursuant to which the Release Parties agreed to a mutual release of claims and to settle various matters among them, including with respect to 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 Mutual Release, subject to customary exceptions.

Voting Agreements by FF Top Holding LLC and Season Smart Ltd.

On September 23, 2022, the Company entered into a letter agreement with each of FF Top and Season Smart, the two largest holders of Common Stock, pursuant to which each of FF Top and Season Smart agreed to vote and did vote, with respect to all shares of Company voting stock over which such party has voting control, in favor of any resolution presented to the stockholders of the Company at a stockholders' meeting to approve, among other things:

- the issuance, in the aggregate, of more than 19.999% of the number of shares of outstanding Common Stock (under Nasdaq Listing Rule 5635(d)) as a result of:
 - the issuance of up to (x) \$57 million in principal amount of senior secured Tranche A convertible notes at a conversion price of not below \$1.05, before giving effect to 1-to-80 and 1-to-3 reverse stock splits, per share of Class A Common Stock for \$27.0 million, and the remainder (\$30 million) at a conversion price of not below \$2.69, before giving effect to 1-to-80 and 1-to-3 reverse stock splits, per share of Class A Common Stock, (y) \$57 million in principal amount of senior secured Tranche B convertible notes at a conversion price of not below \$1.05, before giving effect to 1-to-80 and 1-to-3 reverse stock splits, per share of Class A Common Stock for \$27.0 million, and the remainder (\$30 million) at a conversion price of not below \$2.69, before giving effect to 1-to-80 and 1-to-3 reverse stock splits, per share of Class A Common Stock, and (z) 26,822,724, before giving effect to 1-to-80 and 1-to-3 reverse stock splits, shares of Class A Common Stock upon the exercise of associated warrants, in each case, pursuant to the Existing Purchase Agreement (as then amended) and subject to the full-ratchet anti-dilution and most favored nation protections therein;

- the issuance of up to 73,675,656, before giving effect to 1-to-80 and 1-to-3 reverse stock splits, shares of Class A Common Stock upon the exercise of all previously issued convertible notes and warrants of the Company; and
- the issuance of up to \$60 million in principal amount of senior secured convertible notes by Senyun and/or its affiliates; and
- an increase to the number of authorized shares of Common Stock to 900,000,000, before giving effect to 1-to-80 and 1-to-3 reverse stock splits.

In addition, each of FF Top and Season Smart agreed in their respective voting agreements that, subject to the consent of such FF Top and Season Smart (with respect to each such party's respective voting agreement), which consent is not to be unreasonably withheld, conditioned or delayed, the Company may seek to further increase the number of authorized shares of Common Stock to up to a maximum of 1,500,000,000, before giving effect to 1-to-80 and 1-to-3 reverse stock splits, shares, and such party agrees to vote all shares with respect to which it has voting power in favor of any resolutions presented to stockholders to effect such increase in the number of authorized shares.

On October 22, 2022, the Company and FF Top agreed to an amendment to FF Top's voting agreement, pursuant to which FF Top (i) reaffirmed its commitment under the voting agreement, in light of the maturity date extension of notes under the SPA, to vote all of its shares of Company voting stock in favor of the resolution to be presented to stockholders at the November 3, 2022 special meeting to approve the issuance, in the aggregate, of more than 19.99% of the issued and outstanding shares of Common Stock underlying the various instruments issued and issuable pursuant to the SPA; (ii) revised the condition precedent to FF Top's voting obligations that the Company comply in all material respects with its obligations pursuant to the Heads of Agreement and any definitive documentation contemplated by the Heads of Agreement to only apply to the period from and after October 22, 2022; and (iii) extended the deadline to November 11, 2022 (which was subsequently extended to December 31, 2022) for the Company and FF Top to enter into an amendment to the Existing Shareholder Agreement between FF Top and the Company and other definitive documentation contemplated by the Heads of Agreement (provided that the failure of such amendment and other definitive documentation to be executed by such date will not, in and of itself, release FF Top from its voting obligations).

FF Top's obligations pursuant to the FF Top Voting Agreement were conditioned on (i) the appointment of Mr. Chad Chen (or a substitute nominee, as applicable) to the Board as the fourth FF Top Designee no later than October 27, 2022 (provided that Mr. Chad 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. Chad 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 then-Interim Chairman of the Board, directly with representatives with FF Top on certain additional governance and management matters and, to the extent the Interim 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.

FF Top's and Season Smart's obligations pursuant to their respective voting agreements are conditioned on the accuracy of certain representations, compliance by the Company with certain covenants and the satisfaction of certain conditions, in each case as further set forth in the applicable voting agreement.

The Company also agreed in the FF Top Voting Agreement that FF Top may vote its shares of Common Stock in favor of each of the Krolicki and Swenson removal proposals (if any), that neither FF Top nor the Company has any obligation to nominate or reappoint Mr. Krolicki or Ms. Swenson to the Board at any time following their resignation or removal for any reason, that neither Mr. Krolicki nor Ms. Swenson shall be re-appointed or re-nominated to the Board following their resignation or removal and that neither Mr. Krolicki nor Ms. Swenson shall be (re)hired, (re)engaged or (re)appointed to any position at the Company following their resignation or removal from their respective non-Board roles (if any) at the Company. On October 3, 2022, Ms. Swenson tendered her resignation from her role as both Executive Chairperson and member of the Board effective immediately. On October 28, 2022, Mr. Brian Krolicki tendered his resignation from the Board effective immediately.

At a special meeting of Company stockholders held on November 3, 2022, Company stockholders approved the following three proposals: (1) a proposal to approve, as is required by the applicable Nasdaq rules and regulations, transactions

involving notes and warrants issued to Purchasers as committed under the SPA (as then amended), including the issuance of any shares in excess of 19.99% of the issued and outstanding shares of the Common Stock; (2) a proposal to increase total authorized shares of the Company from 825,000,000, before giving effect to 1-to-80 and 1-to-3 reverse stock splits, to 900,000,000, before giving effect to 1-to-80 and 1-to-3 reverse stock splits, (the “Share Authorization Proposal”); and (3) a proposal to approve an amendment to the Charter to effect a reverse stock split of the Common Stock by a ratio of any whole number in the range of 1-for-2 to 1-for-10, and a corresponding reduction in the number of authorized shares of Common Stock (after adjustment of the number of authorized shares, if applicable, resulting from stockholder approval of the Share Authorization Proposal), with such ratio to be determined in the discretion of the Board and with such action to be effected at such time and date, if at all, as determined by the Board within one year after the conclusion of such special meeting of stockholders.

FF Top Expense Reimbursements

On July 30, 2022, the Company entered into Preliminary Term Sheet with FF Top setting out a summary of the preliminary terms and conditions for FF Top’s assistance in arranging a proposed convertible term loan facility to the Company. In connection with the Preliminary Term Sheet, the Company agreed to reimburse FF Top for its reasonable and documented out-of-pocket legal and diligence fees and expenses incurred in connection with such financing efforts up to a \$300,000 cap (the “Original Cap”), irrespective of whether or not closing occurred, with \$150,000 to be payable as a deposit upon execution of the Preliminary Term Sheet. Pursuant to the Preliminary Term Sheet, the Company paid FF Top \$150,000 on August 9, 2022 and \$150,000 on December 16, 2022.

On January 31, 2023, the Company entered into a supplemental agreement to the Preliminary Term Sheet (the “Supplemental Agreement”) with 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 assisting with and successfully closing this financing effort, to amend the Preliminary Term Sheet to increase the Original Cap from \$300,000 to \$682,733.64. The Company agreed to pay the remaining \$379,911.64 of the fee owed to FF Top as follows: (i) fifty percent, equaling \$189,955.82, within one business day of execution of the Supplemental Agreement, and (ii) fifty percent, equaling \$189,955.82, within one business day of consummation of new financing by the Company in an amount not less than \$5.0 million or an earlier date approved by the Board. Pursuant to the Preliminary Term Sheet, as amended by the Supplemental Agreement, the Company paid FF Top \$189,955.82 on February 1, 2023.

FF Top has requested additional expense reimbursements from the Company in connection with its efforts and expenses incurred related to resolving corporate governance issues since 2022. FF Top may in the future continue to request, additional reasonable expense reimbursements and indemnification from the Company.

Payment on Behalf of Ocean View

On February 9, 2023, the Company made a payment of approximately \$220,000 on behalf of Ocean View, an indemnified co-defendant, in connection with a seizure of funds related to the outstanding judgment in ongoing litigation. 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. Following such seizure, the Company paid the outstanding judgment and all accrued interest. The Company expects to receive the approximately \$220,000 it paid on behalf of Ocean View following the release of such seizure.

Certain Relationships and Related Person Transactions—PSAC

Promissory Notes

On February 28, 2021, PSAC issued an unsecured promissory note to the PSAC Sponsor pursuant to which PSAC may borrow up to an aggregate principal amount of \$500,000 and on June 7, 2021 and July 8, 2021 PSAC issued another unsecured promissory note to the PSAC Sponsor pursuant to which PSAC may borrow up a further \$200,000 and \$100,000, respectively (the “Promissory Notes”). The Promissory Notes were non-interest bearing. At the closing of the Business Combination, all of the unpaid balance of the notes were converted into units consisting of one share of Class A Common Stock and one warrant to purchase a share of Class A Common Stock at \$10.00, before giving effect to 1-to-80 and 1-to-3 reverse stock splits, per unit.

Subscription Agreements

In connection with the execution of the Merger Agreement, PSAC entered into separate subscription agreements with certain accredited investors or qualified institutional buyers (collectively, the “Subscription Investors”), related to the purchase by Subscription Investors of an aggregate of 76.1 million shares of Class A Common Stock for an aggregate purchase price of \$761.4 million (such agreements, the “Subscription Agreements”), concurrently with the execution of the Merger Agreement on January 27, 2021. The Subscription Agreements require PSAC to use commercially reasonable efforts to have an effective shelf registration statement registering the resale of the shares of PSAC common stock held by the Subscription Investors within 60 calendar days (or 90 calendar days if the SEC notifies PSAC that it will review the registration statement) following the closing of the Business Combination.

Agreement with Riverside Management Group

On July 18, 2021, PSAC entered into an omnibus transaction services fee agreement and acknowledgement with the PSAC Sponsor, FF, RMG and Philip Kassin, Robert Mancini and James Carpenter (each, a “Service Provider” and, collectively, the “Service Providers”), as subsequently amended by an amendment entered into on July 21, 2022, pursuant to which (i) the Service Providers, together with such other service providers, who assisted the Service Providers as identified by the Service Providers, replaced RMG as the recipients of the cash and share compensations under the Original RMG Agreement and (ii) the Company agreed to issue, and subsequently issued on July 22, 2022, 2,387,500 shares of Class A Common Stock in the aggregate to the Service Providers and such other service providers as identified by the Service Providers in full consideration of certain consulting and advisory services provided by RMG in connection with the Business Combination.

Certain Relationships and Related Person Transactions —Legacy FF

Restructuring Agreement with Evergrande

In November 2017, Legacy FF received a commitment from Season Smart, an affiliate of Evergrande Health Industry Group (“Evergrande”), to provide \$2.0 billion in funding, subject to certain conditions, in exchange for a 45% preferred equity stake in Legacy FF. Evergrande initially funded \$800 million in 2018, and the terms of the agreement provided that the remaining \$1.2 billion would be contributed by the end of 2019 and 2020, subject to certain conditions.

After a dispute among Legacy FF, Season Smart and certain of their affiliates regarding, among other things, whether certain conditions to Season Smart’s requirement to provide additional funding were satisfied, on December 31, 2018, Legacy FF, Season Smart and certain of their affiliates entered into a restructuring agreement pursuant to which Season Smart’s preferred equity interest in Legacy FF was restructured and reduced to 32% preferred equity stake in Legacy FF and the Legacy FF affiliated parties and Season Smart affiliated parties released one another and their respective affiliates from certain claims (including Season Smart’s obligation to make additional investments in Legacy FF) (the “Restructuring Agreement”). In addition, the Restructuring Agreement provided that Legacy FF may at any time before December 31, 2023 redeem, in part or in whole, the Legacy FF shares held by Season Smart at a predetermined redemption price. The Restructuring Agreement also provided that, among other matters, (i) Season Smart agreed that Legacy FF could enter into new equity financing arrangements without Season Smart’s approval so long as the valuation for such equity financing is not less than a specified threshold; (ii) Season Smart agreed to acquire Evergrande FF Holding (Hong Kong) Limited, which was previously a wholly-owned subsidiary of Legacy FF and owned certain Chinese assets of Legacy FF; and (iii) Legacy FF revised its memorandum and articles of association to provide Season Smart with certain rights. Certain Season Smart approval rights under the Restructuring Agreement were terminated at the closing of the Business Combination under the transaction support agreement signed by Season Smart with PSAC and Legacy FF on January 27, 2021.

Borrowings from Related Parties

Related Party Notes Payable

Prior to the Business Combination, FF funded its operations and capital needs primarily through the proceeds received from capital contributions and the issuance of related party notes payable and notes payable. The notes payable and equity were significantly funded by entities controlled or previously controlled by Mr. Yueting Jia, the founder and Chief Product and User Ecosystem Officer of the Company. As of December 31, 2023 and 2022, the outstanding principal balance of FF’s related party notes payable was \$9.8 million and \$9.0 million, respectively.

Related Party Notes - NPA Tranche

On April 29, 2019, Legacy FF entered into a note purchase agreement (as amended, restated and otherwise modified from time to time, the “Note Purchase Agreement”) with certain purchasers, U.S. Bank National Association, as the notes agent, and Birch Lake Fund Management, LP as the collateral agent. The principal amount of notes that may be issued under the Note Purchase Agreement was \$200.0 million. The notes issued under the Note Purchase Agreement bore interest at 10%, payable at the maturity date of the note. All notes issued under the Note Purchase Agreement were collateralized by a first lien, with second payment priority, on substantially all tangible and intangible assets of the borrowers and guarantors. The notes under the Note Purchase Agreement were subject to representations, warranties, and covenants and were initially scheduled to mature on October 31, 2019. In October 2020, Legacy FF obtained an extension of the maturity date of the notes under the Note Purchase Agreement to October 6, 2021. In connection with the Business Combination, the principal amount of the loans, amounting to \$27.7 million, were repaid in cash, with accrued interest and conversion premiums totaling \$11.3 million converted into shares of Class A Common Stock.

Unsecured SPA

MHL is the anchor investor in the Unsecured SPA and has committed \$80.0 million of such funding. MHL is a related party of the Company as MHL’s investors include a subsidiary of FF Global. FF Global has control over the Company’s management, business and operations. See Note 7, *Notes Payable* to the Consolidated Financial Statements, for details on the Unsecured SPA.

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

Subsequent to the issuance of the Unsecured SPA, MHL funded, net of original issue discounts, \$20.7 million in exchange for the issuance of the Unsecured SPA Notes and related warrants. In connection with the Unsecured SPA, the Company issued MHL warrants to purchase 35,405 shares of the Class A Common Stock at an exercise price of \$214.20 per share, subject to anti-dilution ratchet price protection, exercisable for seven years from the date of issuance (see Note 11, *Stockholders' Equity* and Note 7, *Notes Payable* to the Consolidated Financial Statements). During the year ended December 31, 2023, MHL converted \$22.3 million of gross principal balances in exchange for 5,010,651 shares of the Class A Common Stock. In connection with the conversion of Unsecured SPA Notes, the Company recognized a \$20.0 million Loss on settlement of related party notes payable, during the year ended December 31, 2023, for the difference between the fair value of the shares issued and the fair value of the debt instrument.

Chinese Related Party Notes Payable

As of December 31, 2022, due to two separate note payable payoff settlement agreements entered into with Chongqing Leshi Small Loan Co., Ltd. (“Chongqing”) on December 27, 2022, according to which Chongqing agreed to forgive principal and all outstanding accrued interest, the remaining principal balance of \$4.7 million was agreed to be payable in five installment payments through December 31, 2023 and the current interest rate was set to 12%. The remaining amounts are due on demand to various other Chinese related party notes payable holders and bear a 0% coupon. Interest at a rate of 10% is imputed on these related party notes payable as the interest rates prescribed by the respective agreements are below market rates. As of April 1, 2023, the Company has been in breach of its debt agreement with, and contractual obligation to make interest payments to, Chongqing, with an outstanding principal balance of \$4.5 million. As a result of the default, the interest rate on the outstanding principal balance has increased to a rate of 18% per annum until the event of default is no longer applicable. The Company recorded \$0.1 million in interest expense in related party interest expense during the year ended December 31, 2023.

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

The Company leased two real properties, located in Rancho Palos Verdes, California (the “Rancho Palos Verdes Properties”), from X-Butler from January 1, 2018 through March 31, 2022. X-Butler in turn leased the Rancho Palos Verdes Properties from Yueting Jia, the Company’s founder and Chief Product and User Ecosystem Officer. The Rancho Palos Verdes Properties were used by the Company to provide long-term or temporary housing to employees of the Company (including a former Global CEO. According to the agreement between the parties, the Company paid X-Butler for rent and certain services, including catering, room services and organization of meetings, external gatherings and events, for the Rancho Palos Verdes Properties. For the year ended December 31, 2023, the Company paid to X-Butler less than \$0.1 million, for rent and business

development services rendered to the Company and its executives. The Company has recorded approximately \$0.1 million recorded in Accounts Payable as of December 31, 2023.

As part of its relationship with the Company, X-Butler also served as the conduit for certain loans from Ocean View, an entity formerly controlled by Mr. Jia and now wholly owned by the spouse of Mr. Ruokun Jia, who is the former Assistant Treasurer of the Company and Mr. Jia's nephew. The loan principal was repaid to the Company in prior years and accrued interest on such loans remains outstanding as of December 31, 2023 and 2022 in the amount of \$0.0 million for each period.

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 December 31, 2023 and 2022, the Company had a receivable in the amount of \$0.0 million for each period, due from Ocean View recorded in Deposits in the Consolidated Balance Sheets.

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

FF Global Expense Reimbursements and Consulting Fees

On July 30, 2022, the Company entered into the Preliminary Term Sheet with FF Top, a subsidiary of FF Global, setting out a summary of the preliminary terms and conditions for FF Top's assistance in arranging a proposed convertible term loan facility to the Company. In connection with the Preliminary Term Sheet, the Company agreed to reimburse FF Top for its reasonable and documented out-of-pocket legal and diligence fees and expenses incurred in connection with such financing efforts up to a \$0.3 million cap (the "Original Cap"), irrespective of whether or not closing occurred, with \$0.2 million to be payable as a deposit upon execution of the Preliminary Term Sheet. Pursuant to the Preliminary Term Sheet, the Company paid FF Top \$0.2 million on August 9, 2022 and \$0.2 million on December 16, 2022.

On January 31, 2023, the Company entered into a supplemental agreement to the Term Sheet and with FF Global, pursuant to which the parties agreed, due to the high amount of FF Global's out-of-pocket legal fees and expenses incurred in connection with its financing efforts, to amend the 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 Global as follows: (i) \$0.2 million within one business day of execution of the Supplemental Agreement, and (ii) \$0.2 million within one business day of consummation of new financing by the Company in an amount not less than \$5.0 million or an earlier date approved by the Board. Pursuant to the Term Sheet, as amended by the Supplemental Agreement, the Company paid FF Global \$0.2 million on each of February 1, 2023 and February 6, 2023. On April 8, 2023, the Company reimbursed FF Global for \$0.2 million related to legal expenses incurred by FF Global in connection with the Sixth Secured SPA Amendment. In addition, on April 10, 2023 and May 31, 2023, the Company reimbursed FF Global for \$0.1 million and \$0.3 million related to legal expenses incurred by FF Global in connection with the Unsecured Financing.

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

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

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

The Consulting Services Agreement has an initial term of 12 months and automatically renews for successive 12 months periods unless earlier terminated in accordance with the terms thereof. Effective March 6, 2024, the Consulting Agreement renewed automatically. Either party may terminate the Consulting Services Agreement upon one month prior written notice to the other party. Upon any termination of the Consulting Services Agreement, the Company shall promptly pay FF Global any accrued but unpaid fees hereunder and shall reimburse FF Global for any unreimbursed expenses that are reimbursable thereunder. In addition, FF Global is entitled to reimbursement for all reasonable and documented out-of-pocket travel, legal, and other out-of-pocket expenses incurred in connection with their services, which expenses shall not exceed \$0.1 million without the prior written consent of the Company. The Company paid \$1.8 million, respectively, to FF Global during the year ended December 31, 2023, pursuant to the Consulting Services Agreement. The Company has \$0.6 million of amounts payable to FF Global recorded in Accounts Payable and Accrued Liabilities in the Consolidated Balance Sheets at December 31, 2023.

Common Units of FF Global

During 2022, certain executives and employees of the Company were granted the opportunity to subscribe to 24,000,000 common units of FF Global. The subscription price of \$0.50 per common unit, payable by the executives and employees of the Company, was financed through non-recourse loans issued by FF Global payable in equal annual installments over ten years. The common units to be purchased with a non-recourse loan are required to be treated for accounting purposes as stock options granted by FF Global to executives and employees of the Legacy FF. The awards were valued using the Black-Scholes option pricing model. The grant date fair value of the units purchased through non-recourse loans was immaterial for the years ended December 31, 2023 and 2022.

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

The Company has recorded a payable to LeTV within Accrued expenses and other current liabilities in the amount of \$7.5 million and \$7.0 million as of December 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.

Other Related Party Transactions

The Company pays for a vehicle lease totaling less than \$0.1 million annually on behalf of Mr. Jia, the Company’s founder and Chief Product and User Ecosystem Officer. In addition, during 2023, the Company leased a FF 91 to Mr. Jia.

The Company owes a total of \$0.2 million and \$0.1 million to various related parties as of December 31, 2023 and 2022, respectively, which is included in Accounts Payable within the Consolidated Balance Sheets.

Procedures with Respect to Review and Approval of Related Person Transactions

Following the consummation of the Business Combination, the Board adopted a written policy with respect to the review, approval and ratification of related person transactions. Under the policy, FF’s Audit Committee is responsible for reviewing and approving related person transactions. In the course of its review and approval of related party transactions, the Audit Committee will consider the relevant facts and circumstances to decide whether to approve such transactions. In particular, the policy requires the Audit Committee to consider, among other factors it deems appropriate:

- the related person’s relationship to FF and interest in the transaction;
- the material facts of the proposed transaction, including the proposed aggregate value of the transaction;
- the impact on a director’s or a director nominee’s independence in the event the related person is a director or director nominee or an immediate family member of the director or director nominee;
- the benefits to FF of the proposed transaction;
- if applicable, the availability of other sources of comparable products or services; and
- an assessment of whether the proposed transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally.

The Audit Committee may only approve those transactions that are in, or are not inconsistent with, FF’s best interests and those of FF’s stockholders, as the Audit Committee determines in good faith.

In addition, under FF’s Code of Business Conduct and Ethics, FF’s employees, officers, directors and director nominees have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest.

Item 14. Principal Accounting Fees and Services

Mazars served as the independent registered public accounting firm of the Company for the years ended December 31, 2022 and 2023. The following is a summary of fees paid or to be paid to Mazars for services rendered for the years ended December 31, 2022 and 2023.

Audit Fees. Audit fees consist of fees billed for professional services rendered for the audit of our year-end financial statements and services that are normally provided by Mazars in connection with regulatory filings. The aggregate fees billed by Mazars for professional services rendered for the audit of FF's annual financial statements, review of the financial information included in our Forms 10-Q for the respective periods, services provided in connection with registration statements, and other required filings with the SEC for the year ended December 31, 2022 totaled \$557,000, and for the year ended December 31, 2023, totaled \$1,265,000. The above amounts include interim procedures and audit fees, as well as attendance at Audit Committee meetings.

Audit-Related Fees. Audit-related services consist of fees billed for assurance and related services that are reasonably related to performance of the audit or review of our financial statements and are not reported under "Audit Fees." These services include attest services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards. Mazars did not provide services and we did not incur fees for consultations concerning financial accounting and reporting standards for the years ended December 31, 2022 or 2023.

Tax Fees. Mazars did not provide services and we did not incur fees for tax planning and advice provided by Mazars for the years ended December 31, 2022 or 2023.

All Other Fees. No other fees were paid to Mazars for the years ended December 31, 2022 or 2023.

Pre-Approval Policy

The Audit Committee has implemented a policy for the pre-approval of all audit and permitted non-audit services, including tax services, proposed to be provided to the Company by its independent auditor. Under the policy, the Audit Committee may approve engagements on a case-by-case basis or pre-approve engagements on a categorical basis pursuant to the Audit Committee's pre-approval policy.

The Audit Committee approved all services provided by Mazars during the years ended December 31, 2022 and 2023. The Audit Committee has considered the nature and amount of the fees billed by Mazars and believes that the provision of the services for activities unrelated to the audit is compatible with maintaining Mazars' independence.

Part IV

Item 15. Exhibits and Financial Statement Schedules

- (a) (1) Financial Statements: Consolidated Financial Statements filed as part of this report are listed under Part II, Item 8 of this Form 10-K.
- (2) Financial Statement Schedules: No schedules are required because either the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements thereto filed as a part of this Form 10-K.
- (3) Exhibits: The exhibits listed in the accompanying Exhibit Index are filed as part of this Form 10-K. The Index to Exhibits specifically identifies each management contract or compensatory plan required to be filed as an exhibit to this Form 10-K.

Item 16. Form 10-K Summary

None.

EXHIBIT INDEX

Exhibit No.	Description of Exhibits	Incorporation by Reference
2.1+	Agreement and Plan of Merger, dated as of January 27, 2021, by and among Property Solutions Acquisition Corp., PSAC Merger Sub Ltd., and FF Intelligent Mobility Global Holdings Ltd.	Annex A to Amendment No. 3 to Registration Statement on Form S-4 (File No. 333-255027) filed on June 23, 2021
2.2	First Amendment to Agreement and Plan of Merger, dated as of February 25, 2021, by and among Property Solutions Acquisition Corp., PSAC Merger Sub Ltd., and FF Intelligent Mobility Global Holdings Ltd.	Exhibit 2.2 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
2.3	Second Amendment to Agreement and Plan of Merger, dated as of May 3, 2021, by and among Property Solutions Acquisition Corp., PSAC Merger Sub Ltd., and FF Intelligent Mobility Global Holdings Ltd.	Exhibit 2.3 to Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-255027) filed on June 1, 2021
2.4	Third Amendment to Agreement and Plan of Merger, dated as of June 14, 2021, by and among Property Solutions Acquisition Corp., PSAC Merger Sub Ltd., and FF Intelligent Mobility Global Holdings Ltd.	Exhibit 2.4 to Amendment No. 3 to Registration Statement on Form S-4 (File No. 333-255027) filed on June 23, 2021
2.5	Fourth Amendment to Agreement and Plan of Merger, dated as of July 12, 2021, by and among Property Solutions Acquisition Corp., PSAC Merger Sub Ltd., and FF Intelligent Mobility Global Holdings Ltd.	Exhibit 2.5 to the Current Report on Form 8-K filed on July 22, 2021.
3.1	Third Amended and Restated Certificate of Incorporation of the Company	Exhibit 3.1 to the Current Report on Form 8-K filed on February 7, 2024.
3.2	Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation of the Company	Exhibit 3.1 to the Current Report on Form 8-K filed on February 7, 2024.
3.3	Second Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation of the Company	Exhibit 3.1 to the Current Report on Form 8-K filed on February 26, 2024.
3.4	Amended and Restated Bylaws of the Company	Exhibit 3.2 to the Current Report on Form 8-K filed on June 16, 2023
4.1*	Description of the Securities	S-3/A (Registration Statement) filed on August 29, 2023

4.2	Specimen Common Stock Certificate	Exhibit 4.2 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
4.3	Specimen Warrant Certificate	Exhibit 4.3 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
4.4	Warrant Agreement between Continental Stock Transfer & Trust Company and the Company	Exhibit 4.5 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
4.5	Form of Common Stock Purchase Warrant (under Securities Purchase Agreement, dated as of August 14, 2022)	Exhibit 4.1 to the Current Report on Form 8-K filed on August 15, 2022
4.6	Form of Common Stock Purchase Warrant (under Amendment No. 1 to the Securities Purchase Agreement and Convertible Senior Secured Promissory Notes, dated as of September 23, 2022)	Exhibit 4.1 to the Current Report on Form 8-K filed on September 26, 2022
4.7	Form of Adjustment Warrant (under Amendment No. 1 to Securities Purchase Agreement and Convertible Senior Secured Promissory Notes, dated as of September 23, 2022)	Exhibit 4.2 to the Current Report on Form 8-K filed on September 26, 2022
4.8	Form of Tranche C Warrant (under Amendment No. 6 to Securities Purchase Agreement, dated February 3, 2023)	Exhibit 4.1 to the Current Report on Form 8-K filed on February 6, 2023
4.9	Form of Replacement Warrant (under Amendment No. 6 to Securities Purchase Agreement, dated February 3, 2023)	Exhibit 4.2 to the Current Report on Form 8-K filed on February 6, 2023
4.10	Form of Common Stock Purchase Warrant (under Amendment No. 8 to Security Purchase Agreement, dated May 8, 2023)	Exhibit 4.1 to the Current Report on Form 8-K filed on May 10, 2023
4.11	Form of FFVV Common Stock Purchase Warrant.	Exhibit 4.1 to the Current Report on Form 8-K filed on June 27, 2023
4.12	Form of Senyun Common Stock Purchase Warrant.	Exhibit 4.2 to the Current Report on Form 8-K filed on June 27, 2023
4.13	Common Stock Purchase Warrant, dated August 4, 2023, issued to Streeter Ville Capital, LLC.	Exhibit 4.1 to the Current Report on Form 8-K filed on August 7, 2023
4.14	Common Stock Purchase Warrant, dated September 21, 2023, issued to FF Vitality Ventures LLC.	Exhibit 4.1 to the Current Report on Form 8-K filed on September 22, 2023
10.1	Amended and Restated Registration Rights Agreement between the Company and certain holders identified therein	Exhibit 10.1 to the Current Report on Form 8-K filed on July 22, 2021.
10.2	Form of Subscription Agreement between the Company and the subscribers party thereto	Exhibit 10.10 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.3	Amended and Restated Shareholder Agreement dated as of January 13, 2023, by and between the Company and FF Top Holding LLC.	Exhibit 10.1 to the Current Report on Form 8-K filed on January 17, 2023
10.4	Form of Support Agreement between FF Intelligent Mobility Global Holdings Ltd. and FF Top Holding Limited.	Exhibit 10.12 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.5	Form of Support Agreement between FF Intelligent Mobility Global Holdings Ltd. and Season Smart Limited.	Exhibit 10.13 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021

10.6	Form of Support Agreement between FF Intelligent Mobility Global Holdings Ltd. and Founding Future Creditors Trust.	Exhibit 10.14 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.7	Sponsor Support Agreement between Property Solutions Acquisition Corp. and Property Solutions Acquisition Sponsor, LLC.	Exhibit 10.15 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.8	Form of Lock-up Agreement between the Company and certain stockholders party thereto.	Exhibit 10.16 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.9	Form of Lock-up Agreement between the Company and Property Solutions Acquisition Sponsor, LLC.	Exhibit 10.17 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.10#	Faraday Future Intelligent Electric Inc. 2021 Stock Incentive Plan	Exhibit 10.10 to the Current Report on Form 8-K filed on July 22, 2021.
10.11	Second Amended and Restated Note Purchase Agreement, dated as of October 9, 2020 among Faraday&Future Inc., FF Inc., Faraday SPE, LLC, and Robin Prop Holdco LLC, as Issuers, the Guarantors party thereto, Birch Lake Fund Management, LP, as Collateral Agent for the benefit of the Secured Parties, U.S. Bank National Association, as Notes Agent for the Purchasers and the Purchasers Party Thereto	Exhibit 10.19 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.12	First Amendment and Waiver to Second Amended and Restated Note Purchase Agreement, dated as of January 13, 2021 among Faraday&Future Inc., FF Inc., Faraday SPE, LLC, and Robin Prop Holdco LLC, as Issuers, the Guarantors Party Thereto, Birch Lake Fund Management, LP, as Collateral Agent for the benefit of the Secured Parties, U.S. Bank National Association, as Notes Agent for the Purchasers and the Purchasers party thereto	Exhibit 10.20 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.13	Second Amendment and Waiver to Second Amended and Restated Note Purchase Agreement, dated as of March 1, 2021 among Faraday&Future Inc., FF Inc., Faraday SPE, LLC, and Robin Prop Holdco LLC, as Issuers, the Guarantors party thereto, Birch Lake Fund Management, LP, as Collateral Agent for the benefit of the Secured Parties, U.S. Bank National Association, as Notes Agent for the Purchasers and the Purchasers party thereto	Exhibit 10.21 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.14	Ares Capital Corporation Priority Last Out Secured Promissory Note by Faraday&Future Inc., FF Inc., Faraday SPE, LLC	Exhibit 10.22 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.15	Ares Centre Street Partnership Priority Last Out Secured Promissory Note by Faraday&Future Inc., FF Inc., Faraday SPE, LLC	Exhibit 10.23 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.16	Ares Credit Strategies Priority Last Out Secured Promissory Note by Faraday&Future Inc., FF Inc., Faraday SPE, LLC	Exhibit 10.24 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.17	Ares Direct Finance I LP Priority Last Out Secured Promissory Note by Faraday&Future Inc., FF Inc., Faraday SPE, LLC	Exhibit 10.25 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021

10.18#	Offer Letter dated October 10, 2018 between Tin Mok and Faraday&Future Inc.	Exhibit 10.29 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.19#	Sign On Bonus Addendum Letter dated March 26, 2019 between Chui Tin Mok and Faraday&Future Inc.	Exhibit 10.30 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.20#	Sign On Bonus Addendum Letter dated March 11, 2018 between Chui Tin Mok and Faraday&Future Inc.	Exhibit 10.31 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.21#	Smart King Ltd. Equity Incentive Plan, as Adopted on February 1, 2018, as Amended and Restated Effective February 1, 2018	Exhibit 10.32 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.22#	Form of Smart King Ltd. Equity Incentive Plan Option Award Agreement (United States)	Exhibit 10.33 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.23#	Form of Smart King Ltd. Equity Incentive Plan Option Award Agreement (China)	Exhibit 10.34 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.24#	Smart King Ltd. Special Talent Incentive Plan, as Adopted on May 2, 2019, as Amended on July 26, 2020	Exhibit 10.35 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.25#	Form of Smart King Ltd. Special Talent Incentive Plan Share Option Agreement (Individual)	Exhibit 10.36 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.26#	Form of Smart King Ltd. Special Talent Incentive Plan Share Option Agreement (Entity)	Exhibit 10.37 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.27#	Form of Amended and Restated Employment Agreement by and among Faraday Future Intelligent Electric Inc., Faraday&Future Inc. and Dr. Carsten Breitfeld	Exhibit 10.38 to Registration Statement on Form S-4 (File No. 333-255027) filed on April 5, 2021
10.28#	Form of Director and Officer Indemnification Agreement by and between the Company and its directors and officers	Exhibit 10.32 to the Current Report on Form 8-K filed on July 22, 2021
10.29#	First Amendment to Employment Agreement by and among Faraday Future Intelligent Electric Inc., Faraday&Future Inc., and Carsten Breitfeld dated January 31, 2022.	Exhibit 10.35 to the Annual Report on Form 10-K filed on May 13, 2022
10.30#	Second Amendment to Amended and Restated Employment Agreement by and among Faraday Future Intelligent Electric Inc., Faraday&Future Inc. and Carsten Breitfeld dated September 3, 2022	Exhibit 10.1 to the Current Report on Form 8-K filed on September 6, 2022
10.31#	Management Services Agreement, dated as of February 23, 2022, by and between Faraday Future Intelligent Electric Inc. and AP Services, LLC	Exhibit 10.1 to the Current Report on Form 8-K filed on March 2, 2022
10.32+^	Contract Manufacturing and Supply Agreement by and between Faraday&Future Inc. and Myoung Shin Co., Ltd. dated February 4, 2022	Exhibit 10.31 to Amendment No. 3 to Registration Statement on Form S-1 (File No. 333-258993) filed on August 30, 2022

10.33+	FF Global Partners LLC Second Amended and Restated Limited Liability Company Agreement dated as of May 16, 2022	Exhibit 10.32 to Amendment No. 3 to Registration Statement on Form S-1 (File No. 333-258993) filed on August 30, 2022
10.34	Amendment letter agreement, dated as of July 26, 2022, among Faraday Future Intelligent Electric Inc., FF Aventuras SPV XI, LLC, FF Adventures SPV XVIII LLC, FF Ventures SPV IX LLC and FF Venturas SPV X LLC	Exhibit 10.1 to the Current Report on Form 8-K filed on August 2, 2022.
10.35^	Securities Purchase Agreement, dated as of August 14, 2022, among Faraday Future Intelligent Electric Inc., FF Simplicity Ventures LLC and the purchasers from time to time party thereto	Exhibit 10.1 to the Current Report on Form 8-K filed on August 15, 2022
10.36	Form of Convertible Senior Secured Promissory Note (under Securities Purchase Agreement, dated as of August 14, 2022)	Exhibit 10.2 to the Current Report on Form 8-K filed on August 15, 2022
10.37+	Amendment No. 1 to Securities Purchase Agreement and Convertible Senior Secured Promissory Notes, dated as of September 23, 2022, by and among Faraday Future Intelligent Electric Inc., the credit parties from time to time party thereto, the financial institutions or other entities from time to time party thereto and FF Simplicity Ventures LLC, as administrative and collateral agent	Exhibit 10.3 to the Current Report on Form 8-K filed on September 26, 2022
10.38	Form of Convertible Senior Secured Promissory Note (under Amendment No. 1 to Securities Purchase Agreement and Convertible Senior Secured Promissory Notes, dated as of September 23, 2022)	Exhibit 10.4 to the Current Report on Form 8-K filed on September 26, 2022
10.39	Joinder and Amendment Agreement, dated as of September 25, 2022, by and among Senyun International Ltd., FF Simplicity Ventures LLC, RAAJ Trading LLC and Faraday Future Intelligent Electric Inc.	Exhibit 10.5 to the Current Report on Form 8-K filed on September 26, 2022
10.40	Warrant Exercise Agreement, dated as of September 23, 2022, among Faraday Future Intelligent Electric Inc. and the investors listed on the signature pages thereto	Exhibit 10.6 to the Current Report on Form 8-K filed on September 26, 2022
10.41+	Letter Agreement Regarding Advanced Approval, dated as of September 23, 2022, between Faraday Future Intelligent Electric Inc. and FF Top Holding LLC	Exhibit 10.7 to the Current Report on Form 8-K filed on September 26, 2022
10.42+	Letter Agreement Regarding Advanced Approval, dated as of September 23, 2022, between Faraday Future Intelligent Electric Inc. and Season Smart Limited	Exhibit 10.8 to the Current Report on Form 8-K filed on September 26, 2022
10.43	Heads of Agreement, dated as of September 23, 2022, by and among Faraday Future Intelligent Electric Inc., FF Global Partners LLC and FF Top Holding LLC	Exhibit 10.1 to the Current Report on Form 8-K filed on September 26, 2022
10.44	Mutual Release, dated as of September 23, 2022, among Faraday Future Intelligent Electric Inc., FF Global Partners LLC, FF Top Holding LLC and the other parties thereto	Exhibit 10.2 to the Current Report on Form 8-K filed on September 26, 2022
10.45	Exchange Agreement, dated October 10, 2022, by and among Faraday Future Intelligent Electric Inc., FF Aventuras SPV XI LLC, FF Venturas SPV X LLC, FF Ventures SPV IX LLC and FF Adventures SPV XVIII LLC	Exhibit 10.1 to the Current Report on Form 8-K filed on October 11, 2022

10.46	Exchange Agreement, dated as of October 19, 2022, by and among Faraday Future Intelligent Electric Inc., FF Aventuras SPV XI LLC, FF Venturas SPV X LLC, FF Ventures SPV IX LLC and FF Aventuras SPV XVIII LLC	Exhibit 10.1 to the Current Report on Form 8-K filed on October 20, 2022
10.47	Summary of Amendment dated October 22, 2022 to the Letter Agreement Regarding Advanced Approval, dated as of September 23, 2022, between Faraday Future Intelligent Electric Inc. and FF Top Holding LLC	Exhibit 10.47 to Amendment No. 6 to Registration Statement on Form S-1 (File No. 333-258993) filed on November 8, 2022
10.48	Limited Consent and Third Amendment, dated as of October 24, 2022, by and among Senyun International Ltd., FF Simplicity Ventures LLC, RAAJJ Trading LLC and Faraday Future Intelligent Electric Inc.	Exhibit 10.1 to the Current Report on Form 8-K filed on October 25, 2022
10.49#	Offer Letter, dated October 22, 2022, by and between Faraday Future Intelligent Electric Inc. and Yun Han	Exhibit 10.1 to the Current Report on Form 8-K filed on October 26, 2022
10.50#	Employment Agreement, dated as of November 27, 2022, by and among Faraday Future Intelligent Electric Inc., Faraday&Future Inc. and Xuefeng Chen	Exhibit 10.1 to the Current Report on Form 8-K filed on November 28, 2022
10.51	Limited Consent and Amendment, dated as of November 8, 2022, by and among Senyun International Ltd., FF Simplicity Ventures LLC, RAAJJ Trading LLC and Faraday Future Intelligent Electric Inc.	Exhibit 10.1 to the Current Report on Form 8-K filed on November 8, 2022
10.52	Standby Equity Purchase Agreement, dated as of November 11, 2022, by and between YA II PN, Ltd. and Faraday Future Intelligent Electric Inc.	Exhibit 10.1 to the Current Report on Form 8-K filed on November 14, 2022
10.53	Letter Agreement, dated December 28, 2022, by and among Faraday Future Intelligent Electric Inc., Senyun International Ltd. and FF Simplicity Ventures LLC	Exhibit 10.1 to the Current Report on Form 8-K filed on December 29, 2022
10.54	Limited Consent and Amendment No. 5, dated January 25, 2023, by and among Faraday Future Intelligent Electric Inc., Senyun International Ltd. and FF Simplicity Ventures LLC	Exhibit 10.54 to Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-268972) filed on February 7, 2023
10.55#	Termination Agreement and General Release, dated January 30, 2023, by and among Carsten Breitfeld, Faraday Future Intelligent Electric Inc. and Faraday&Future Inc.	Exhibit 10.1 to the Current Report on Form 8-K/A filed on February 1, 2023
10.56+	Amendment No. 6 to Securities Purchase Agreement, dated February 3, 2023, by and among Faraday Future Intelligent Electric Inc., its subsidiaries party thereto, Senyun International Ltd., FF Top Holding LLC, FF Simplicity Ventures LLC and the other Purchasers party thereto	Exhibit 10.1 to the Current Report on Form 8-K filed on February 6, 2023
10.57	Form of Tranche C Note (under Amendment No. 6 to Securities Purchase Agreement, dated February 3, 2023)	Exhibit 10.2 to the Current Report on Form 8-K filed on February 6, 2023
10.58	Form of Replacement Note (under Amendment No. 6 to Securities Purchase Agreement, dated February 3, 2023)	Exhibit 10.3 to the Current Report on Form 8-K filed on February 6, 2023
10.59	Form of Exchange Note (under Amendment No. 6 to Securities Purchase Agreement, dated February 3, 2023)	Exhibit 10.4 to the Current Report on Form 8-K filed on February 6, 2023

10.60+	Exchange Agreement, dated as of February 3, 2023, by and between Faraday Future Intelligent Electric Inc. and Senyun International Ltd.	Exhibit 10.5 to the Current Report on Form 8-K filed on February 6, 2023
10.61+	Exchange Agreement, dated as of February 3, 2023, by and among Faraday Future Intelligent Electric Inc. and the affiliates of FF Simplicity Ventures LLC party thereto	Exhibit 10.6 to the Current Report on Form 8-K filed on February 6, 2023
10.62	Consulting Services Agreement, dated as of March 6, 2023, by and between Faraday Future Intelligent Electric Inc. and FF Global Partners LLC	Exhibit 10.62 to the Annual Report on Form 10-K/A filed on August 21, 2023
10.63	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
10.64	Amendment No. 8 to Securities Purchase Agreement, dated May 8, 2023, by and between Faraday Future Intelligent Electric Inc. and Senyun International Ltd.	Exhibit 10.1 to the Current Report on Form 8-K filed on May 10, 2023
10.65	Amendment to ATW Notes and Warrants, dated as of May 9, 2023, by and among Faraday Future Intelligent Electric Inc., FF Simplicity Ventures LLC and FF Prosperity Ventures LLC.	Exhibit 10.2 to the Current Report on Form 8-K filed on May 10, 2023
10.66+	Securities Purchase Agreement, dated as of May 8, 2023, among Faraday Future Intelligent Electric Inc. and the purchasers from time to time party thereto.	Exhibit 10.3 to the Current Report on Form 8-K filed on May 10, 2023
10.67	Form of Unsecured Convertible Senior Promissory Note.	Exhibit 10.4 to the Current Report on Form 8-K filed on May 10, 2023
10.68	Equity Commitment Letter, dated as of May 8, 2023, by and among FF Global Partners Investment LLC, Metaverse Horizon Limited and Faraday Future Intelligent Electric Inc.	Exhibit 10.5 to the Current Report on Form 8-K filed on May 10, 2023
10.69	Equity Commitment Letter, dated as of May 8, 2023, by and among V W Investment Holding Limited, Lijun Jin and Faraday Future Intelligent Electric Inc.	Exhibit 10.6 to the Current Report on Form 8-K filed on May 10, 2023
10.70	Purchase Agreement, dated June 16, 2023, by and between the Company and Xuefeng Chen.	Exhibit 10.1 to the Current Report on Form 8-K filed on June 16, 2023
10.71	Amendment No. 1 to Securities Purchase Agreement, dated as of June 26, 2023, among Faraday Future Intelligent Electric Inc. and the Unsecured SPA Purchasers party thereto.	Exhibit 10.1 to the Current Report on Form 8-K filed on June 27, 2023
10.72	Joinder and Amendment Agreement, dated as of June 26, 2023, among Faraday Future Intelligent Electric Inc. and FF Vitality Ventures LLC.	Exhibit 10.2 to the Current Report on Form 8-K filed on June 27, 2023
10.73	Second Joinder and Amendment Agreement, dated as of June 26, 2023, among Faraday Future Intelligent Electric Inc. and Senyun International Ltd.	Exhibit 10.3 to the Current Report on Form 8-K filed on June 27, 2023
10.74	Form of FFVV Unsecured Convertible Senior Promissory Note.	Exhibit 10.4 to the Current Report on Form 8-K filed on June 27, 2023

10.75	Form of Senyun International Ltd. Unsecured Convertible Senior Promissory Note.	Exhibit 10.5 to the Current Report on Form 8-K filed on June 27, 2023
10.76#	Offer Letter, dated July 11, 2023.	Exhibit 10.1 to the Current Report on Form 8-K filed on July 11, 2023
10.77	Securities Purchase Agreement, dated as of August 4, 2023, among Faraday Future Intelligent Electric Inc. and Streeterville Capital, LLC.	Exhibit 10.1 to the Current Report on Form 8-K filed on August 7, 2023
10.78	Unsecured Convertible Senior Promissory Note, dated August 4, 2023, issued to Streeterville Capital, LLC.	Exhibit 10.2 to the Current Report on Form 8-K filed on August 7, 2023
10.79	Amendment No. 9 to Securities Purchase Agreement, dated August 4 2023, by and between Faraday Future Intelligent Electric Inc. and FF Vitality Ventures LLC.	Exhibit 10.3 to the Current Report on Form 8-K filed on August 7, 2023
10.80	Amendment No. 10 to Securities Purchase Agreement, dated August 4, 2023, by and between Faraday Future Intelligent Electric Inc. and Senyun International Ltd.	Exhibit 10.4 to the Current Report on Form 8-K filed on August 7, 2023
10.81	Waiver and Amendment Agreement, dated as of August 4, 2023, among Faraday Future Intelligent Electric Inc. and FF Vitality Ventures LLC.	Exhibit 10.5 to the Current Report on Form 8-K filed on August 7, 2023
10.82	Form of Salary Deduction and Stock Purchase Agreement.	Exhibit 10.1 to the Current Report on Form 8-K filed on September 22, 2023
10.83	Amendment Agreement, dated as of September 21, 2023, among Faraday Future Intelligent Electric Inc. and FF Vitality Ventures LLC.	Exhibit 10.1 to the Current Report on Form 8-K filed on September 22, 2023
10.84	Unsecured Convertible Senior Promissory Note, dated September 21, 2023, issued to FF Vitality Ventures LLC.	Exhibit 10.2 to the Current Report on Form 8-K filed on September 22, 2023
10.85	Lease Agreement dated October 19, 2023	Exhibit 10.1 to the Current Report on Form 8-K filed on October 19, 2023
10.86	Guaranty of Lease dated October 19, 2023	Exhibit 10.2 to the Current Report on Form 8-K filed on October 19, 2023
10.87	Purchase Agreement, dated December 21, 2023, by and between the Company and Matthias Aydt.	Exhibit 10.1 to the Current Report on Form 8-K/A filed on December 28, 2023
10.88*^	Settlement Agreement, dated March 11, 2024, by and between the Faraday Future Intelligent Electric Inc. and Palantir Technologies, Inc.	
21.1*	Subsidiaries of the Registrant	
23.1*	Consent of Mazars USA LLP, independent registered public accounting firm of the Company.	
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
97.1*	Clawback Policy
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

*** Furnished herewith.

+ The schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

Indicates management contract or compensatory plan or arrangement.

^ Portions of this exhibit have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

SIGNATURES

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

Faraday Future Intelligent Electric Inc.

By: /s/Matthias Aydt
Matthias Aydt
Global Chief Executive Officer

Date: May 28, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Faraday Future Intelligent Electric Inc and in the capacities and on the date indicated.

Name	Title	Date
<u>/s/Matthias Aydt</u> Matthias Aydt	Global Chief Executive Officer and Director (Principal Executive Officer)	May 28, 2024
<u>/s/ Jonathan Maroko</u> Jonathan Maroko	Interim Chief Financial Officer (Principal Financial and Accounting Officer)	May 28, 2024
<u>/s/ Chad Chen</u> Chad Chen	Director	May 28, 2024
<u>/s/ Li Han</u> Li Han	Director	May 28, 2024
<u>/s/ Chui Tin Mok</u> Chui Tin Mok	Director	May 28, 2024
<u>/s/ Lev Peker</u> Lev Peker	Director	May 28, 2024
<u>/s/Jie Sheng</u> Jie Sheng	Director	May 28, 2024

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement (this “**Agreement**”) is made and entered into as of March 11, 2024 (the “**Effective Date**”) by and between PALANTIR TECHNOLOGIES INC., a corporation with its principal place of business located at 1200 17th Street, Floor 15, Denver, Colorado, 80202 (“**Palantir**”), and FARADAY & FUTURE, INC., a corporation with its principal place of business located at 18455 South Figueroa Street, Gardena, California, 90248 (“**Faraday**”).

WHEREAS, Palantir and Faraday (each a “**Party**” and together, the “**Parties**”) entered into that certain Palantir Order Form 1, effective as of July 12, 2021, and subsequent amendment (collectively, “**Order Form #1**”), pursuant to the Palantir Master Subscription Agreement between the Parties, (the “**MSA**”), for access to certain of Palantir’s products and services;

WHEREAS, Palantir initiated a confidential arbitration proceeding in JAMS on July 7, 2023, captioned *Palantir Technologies, Inc. v. Faraday & Future, Inc.*, Ref. No. 5100001338, in which Palantir alleged that Faraday failed to make payments under the MSA and asserted claims for: (i) breach of contract; (ii) breach of the covenant of good faith and fair dealing; and (iii) unjust enrichment (the “**Arbitration Proceeding**”);

WHEREAS, on August 4, 2023, Faraday submitted its response to Palantir’s arbitration demand, generally denying all allegations in Palantir’s arbitration demand and asserting affirmative defenses;

WHEREAS, the Parties reached an agreement in principle to settle the Arbitration on February 28, 2024;

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants, rights, and obligations set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereby agree as follows:

1. CONSIDERATION.

1.1 Monetary Consideration. In consideration for the terms and conditions herein, Faraday shall pay Palantir a total of \$5,000,000, all in USD (“**Settlement Payments**”) in the following installments:

- \$250,000 by March 19, 2024 (“**March Payment**”), provided that Faraday and counsel for Faraday receive complete written instructions for payment by wire transfer or check, and a W-9 reflecting the tax identification number for the payee, by March 12, 2024.
- \$1,750,000 by June 21, 2024
\$1,500,000 by September 21, 2024
\$1,500,000 by December 21, 2024

Subject to Palantir’s receipt of the Settlement Payments in full, the MSA and Order Form #1 shall be deemed terminated by the Parties effective as of, and contingent upon the occurrence of, the date that all of the Settlement Payments are paid in full by Faraday (“**Termination Date**”). Effective as of the Termination Date, neither Party shall have any further rights or obligations under the Order Form #1 or the MSA. Except as explicitly amended by this Agreement, and until Order Form #1 and the MSA are terminated as of the Termination Date, all other terms and conditions of Order Form #1 and the MSA shall remain in full force and effect.

If, upon written notice by Palantir of a failure to pay the Settlement Payments in full on or before the due dates set forth herein, Faraday fails to provide payment of the applicable Settlement Payments within 10 calendar days of the notice, Faraday shall be deemed to be in default (“**Default**”) of this Agreement. In the event of Default, Palantir shall be entitled, but not obligated, to terminate this Agreement and, upon said termination, recommence the Arbitration Proceeding to enforce the terms of the MSA and Order Form #1, including but not limited to seeking payment for amounts due thereunder as in effect immediately prior to the Effective Date of this Agreement, provided that any Settlement Payments paid by Faraday under this Agreement will be applied to any outstanding amounts owed by Faraday under the MSA and Order Form #1.

For the avoidance of doubt, Palantir shall stop providing any products and services as of the Effective Date and shall have no obligation to provide any products or services pursuant to the MSA or Order Form #1 going forward, unless this Agreement is terminated for any reason; in the event of termination, the parties' rights and obligations under the MSA and Order Form #1 will revert to their rights and obligations in effect immediately prior to the Effective Date.

1.2 Stay and Dismissal of Arbitration Proceeding.

Within three business days of Palantir's receipt of the March Payment from Faraday, as specified in Section 1.1(a) of this Agreement, the Parties shall cause their respective counsel to file a stipulation to vacate all remaining deadlines in the Arbitration Proceeding subject to Palantir's right to recommence the Arbitration on the terms set forth in Section 1.1. Within three business days after the Termination Date, the Parties shall cause their respective counsel to file a stipulation of dismissal, dismissing all claims with prejudice. The Parties shall promptly proceed with any and all additional procedures needed to effect said dismissal.

1.3 Fees and Costs. The Parties agree that they shall bear their own costs and attorneys' fees relating to the Arbitration and to the negotiation of this Agreement.

2. MUTUAL RELEASES.

1.1 Release by Faraday.

[REDACTED]

1.2 Faraday Releasor's Unknown Claims.

[REDACTED]

1.3 Release by Palantir.

[REDACTED]

1.4 Palantir Releasor's Unknown Claims.

[REDACTED]

1. **NON-DISPARAGEMENT.** In consideration for the terms and conditions herein, the Faraday, on behalf of itself and the other Faraday Releasers, and Palantir, on behalf of itself and the other Palantir Releasers, represent, warrant, and covenant that, as of the Effective Date, neither they nor any other Faraday Releaser or Palantir Releaser shall take any action or make any statement relating to the subject matter of this Agreement and/or the MSA or Order Form #1 to any person or entity which is intended to or may reasonably be expected to disparage, defame, slander or otherwise harm the other Party or their respective Releasees, or any of their business or reputation in any way.

3. CONFIDENTIALITY.

[REDACTED]

4. **LIQUIDATED DAMAGES.** In the event of Default by Faraday, Faraday shall be liable for, and shall pay to Palantir within 60 days liquidated damages in the amount [REDACTED] (“**Liquidated Damages Amount**”). The Liquidated Damages Amount is a one-time penalty and will not accumulate for multiple Defaults. The Parties agree that quantifying damages arising from such a breach is inherently difficult, and further stipulate that the Liquidated Damages Amount is not a penalty, but rather a reasonable measure of damages, given the nature of the damages that may result from such a breach. For the avoidance of doubt, if Palantir elects to terminate this Agreement in the event of Default as described in paragraph 1.1, Palantir shall have no right to any liquidated damages payments. Further, any failure to pay a Liquidated Damages Amount does not give Palantir the ability to terminate this Agreement, and the payment of the Liquidated Damages Amount in whole or in part will be applied to any outstanding amounts owed by Faraday under the MSA and Order Form #1.

5. **DISPUTE RESOLUTION.** Any dispute, controversy, or claim arising from or relating to this Agreement, including arbitrability, shall be finally settled by binding arbitration. This Agreement shall be deemed to have been made in, and shall be governed pursuant to the laws of the State of California and arbitration shall be administered in Los Angeles, California in accordance with the Comprehensive Arbitration Rules and Procedures of the Judicial Arbitration and Mediation Services, Inc. (“**JAMS**”) and the Federal Rules of Evidence (notwithstanding JAMS Rule 22(d) or any other JAMS Rule to the contrary). Notwithstanding the foregoing, each Party shall have the right to institute an action at any time in a court of proper jurisdiction for preliminary injunctive relief pending a final decision by the arbitrator(s), *provided* that (i) the Party instituting the action shall seek an order to file the action under seal in order to limit disclosure as provided in Section 4 of this Agreement; and (ii) a permanent injunction and damages shall only be

6. GENERAL PROVISIONS.

1.1 Successors and Assigns; Assignment. This Agreement, and the rights and obligations of the Parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives. Neither Party may assign or delegate this Agreement or its rights or obligations under this Agreement without the prior written consent of the other Party, except that no consent is required (a) for assignment to an entity in which the transferring Party will own greater than 50 per cent of the shares or other interests; or (b) in connection with any sale, transfer, or disposition, including by merger or operation of law, of all or substantially all of its business or assets; provided that no such assignment will relieve an assigning party of its obligations under this Agreement. Any assignment or delegation that violates this provision shall be void.

1.2 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California, without giving effect to that body of laws pertaining to conflict of laws.

1.3 Notices. Any and all notices required or permitted to be given to a Party pursuant to the provisions of this Agreement will be in writing, and will be effective and deemed to provide such party sufficient notice under this Agreement on the earliest of the following: (i) at the time of personal delivery, if delivery is in person; (ii) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States; (iii) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries; or (iv) (if an electronic mail address has been provided for such purposes) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day or when acknowledged by the recipient, whichever occurs sooner. All notices for delivery outside the United States will be sent by express courier or electronic mail. All notices other than electronic mail not delivered personally will be sent with postage and/or other charges prepaid. All notices shall be properly addressed to the Party to be notified as follows (or at such other address as such Party may designate by one of the indicated means of notice herein to the other Parties hereto):

(a) if to Palantir:

(at Palantir's address set forth in the first paragraph of the first page above) With email copy to: [REDACTED]

(b) if to Faraday:

(at Faraday address set forth in the first paragraph of the first page above) With email copy to: [REDACTED]

1.4 Further Assurances. The Parties agree to execute such further documents and instruments and to take such further actions as may be reasonably necessary to carry out the purposes and intent of this Agreement.

1.5 Titles and Headings; Interpretations. The titles, captions and headings of this Agreement are included for ease of reference only and will be disregarded in interpreting or construing this Agreement. Unless otherwise specifically stated, all references herein to “sections,” “schedules” and “exhibits” will mean “sections,” “schedules” and “exhibits” to this Agreement. The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply “if”. The word “or” is not exclusive. Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”. A “business day” shall be a day, other than Saturday or Sunday, when the banks in the city of New York, New York are open for business.

1.6 Entire Agreement. This Agreement constitutes the entire agreement and understanding of the Parties with respect to the subject matter of this Agreement, and supersedes all prior understandings and agreements, whether oral or written, between or among the Parties hereto with respect to such subject matter.

1.7 Severability. If any provision of this Agreement is determined by any court or arbitrator of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such provision will be enforced to the maximum extent possible given the intent of the Parties hereto. If such clause or provision cannot be so enforced, such provision shall be stricken from this Agreement and the remainder of this Agreement shall be enforced as if such invalid, illegal or unenforceable clause or provision had (to the extent not enforceable) never been contained in this Agreement. Notwithstanding the foregoing, if the value of this Agreement based upon the substantial benefit of the bargain for any Party is materially impaired, which determination as made by the presiding court or arbitrator of competent jurisdiction shall be binding, then all Parties agree to substitute such provision(s) through good faith negotiations.

1.8 Amendment and Waivers. This Agreement may be amended only by a written agreement executed by each of the Parties hereto. No amendment of or waiver of, or modification of any obligation under, this Agreement will be enforceable unless set forth in a writing signed by the Party against which enforcement is sought. Any amendment effected in accordance with this section will be binding upon all Parties hereto and each of their respective successors and assigns. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. No waiver granted under this Agreement as to any one provision herein shall constitute a subsequent waiver of such provision or of any other provision herein, nor shall it constitute the waiver of any performance other than the actual performance specifically waived.

1.9 Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, and all of which together shall constitute one and the same agreement. This Agreement may be executed and delivered by means of electronic delivery and upon such delivery the signature will be deemed to have the same effect as if the original signature had been delivered to the other Party or Parties.

1.10 Advice of Counsel. Faraday and Palantir each represent that they have consulted with competent counsel and enter into this Agreement willingly and voluntarily.

7.12 Agreement Not to Be Construed Against Drafter. The Parties have participated jointly in negotiating and drafting this Agreement. If an ambiguity or a question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties, and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

7.13. No Admission of Liability. Each of the Parties understands and agrees that this Agreement and the settlement provided for herein are intended to compromise disputed claims and defenses, to avoid litigation and to buy peace, and that this Agreement and the settlement provided for herein shall not be construed or viewed as an admission by any Party of liability or wrongdoing, such liability being expressly denied. This Agreement, and the settlement provided for herein, shall not be admissible in any lawsuit, administrative action, or any judicial or administrative proceeding, including any arbitration proceeding, if offered to show, demonstrate, evidence, or support a contention that any of the Parties acted illegally, improperly, or in breach of law, contract, or proper conduct.

7.14 Tax Consequences. Palantir agrees that if it is later determined by the Internal Revenue Service or any other taxing body that taxes of any type should have been paid in connection with any benefit Palantir received pursuant to this Agreement, Palantir will be solely responsible for paying such taxes. Faraday makes no representations or warranties regarding the legal effect or tax consequences of this Agreement, or of any such filing or reporting by Faraday. Palantir further expressly acknowledges that it neither received nor relied upon any tax advice from Faraday or its representatives and attorneys.

[Signature pages follow.]

M. Aydt

IN WITNESS WHEREOF, each of the Parties has executed this Settlement and Release Agreement as of the Effective

Date.

**CUSTOMER:
FARADAY & FUTURE, INC.**

By:

Name: Matthias Aydt

Title: CEO

Address: 18455 S Figueroa St, Gardena, CA, 90248

E-mail: [REDACTED]



PALANTIR TECHNOLOGIES INC.

By: _____
Name: Ryan Taylor
Title: Chief Revenue Officer and Chief Legal Officer

Address: 1200 17th Street, Floor 15
 Denver, Colorado, 80202
E-mail: [REDACTED]

[REDACTED]

EXHIBIT B – PROPOSED SEC DISCLOSURE

As previously disclosed, Palantir Technologies, Inc. (“Palantir”), has filed a demand for arbitration against Faraday Future Intelligent Electric Inc. (the “Company”), related to the July 12, 2021 Master Subscription Agreement (“MSA”).

On March [], 2024 (the “Effective Date”), the Company and Palantir entered into a settlement and release agreement (the “Settlement Agreement”) pursuant to which, among other things, the Company agreed to pay Palantir \$5.0 million in four quarterly installments in 2024 (the “March Payment” and, collectively, the “Fees”). The Settlement Agreement further provides that within five business days after the Fees have been paid in full by the Company (the date upon which all Fees have been paid in full is referred to as the “Termination Date”), the parties will file a stipulation of dismissal, dismissing all claims with prejudice. Palantir and the Company further agree that upon the Effective Date and the Termination Date, to release one another from any and all claims relating to the Dispute.

The foregoing description of the Settlement Agreement is qualified in its entirety by reference to the Settlement Agreement, a copy of which will be filed as an exhibit to the Company’s Annual Report on Form 10-K for the year ended December 31, 2023.

FARADAY FUTURE INTELLIGENT ELECTRIC INC. DIRECT AND INDIRECT
SUBSIDIARIES

ENTITY NAME	JURISDICTION OF ORGANIZATION	SHAREHOLDER/MEMBER
FF Intelligent Mobility Global Holdings Ltd.	Cayman Islands	Faraday Future Intelligent Electric Inc.
Smart Technology Holdings Ltd. (f/k/a FF Global Holdings Ltd. (Cayman) and Florid Investment Ltd & Faraday&Future (Cayman) Limited)	Cayman Islands	FF Intelligent Mobility Global Holdings Ltd.
FF Inc.	California	Smart Technology Holdings Ltd.
Faraday&Future Inc. (f/k/a LETV ENV INC.)	California	FF Inc.
Faraday SPE, LLC	California	Faraday&Future Inc
Fa&Fa Inc	California	Faraday&Future Inc
Eagle Prop Holdco LLC	Delaware	FF Inc.
FF Equipment LLC	Delaware	Eagle Prop Holdco LLC
FF Sales Americas, LLC	Delaware	FF Inc.
FF ECO Sales Company, LLC	Delaware	FF Sales Americas, LLC
FF Manufacturing LLC	Delaware	FF Inc.
FF JV Holding LLC	Delaware	FF Inc
FF The9 China Joint Venture Limited (HK)	Hong Kong	FF JV Holding LLC (50%) The9 EV Limited (50%)
Faraday & Future Netherlands B.V.	Netherlands	FF Inc
FF Europe GmbH (f/k/a Blitz D15-350 GmbH)	Germany	Smart Technology Holdings Ltd.
FF Hong Kong Holding Limited	Hong Kong	Smart Technology Holdings Ltd.
FF Automotive (Zhuhai) Co., Ltd.	People's Republic of China	FF Hong Kong Holding Limited
FF Automotive (China) Co. Ltd.	People's Republic of China	FF Hong Kong Holding Ltd. (99.33%) LeSEE Auto Technology (Beijing) Co., Ltd. (0.67%)
FF Automotive (Hubei) Co., Ltd.	People's Republic of China	FF Hong Kong Holding Ltd. (99.33%) LeSEE Auto Technology (Beijing) Co., Ltd. (0.67%)
Ruiyu Automotive (Beijing) Co. Ltd.	People's Republic of China	FF Automotive (China) Co. Ltd.
Shanghai Faran Automotive Technology Co. Ltd.	People's Republic of China	FF Automotive (China) Co. Ltd.
LeSee Automotive (Beijing) Co., Ltd.	People's Republic of China	FF Automotive (China) Co. Ltd. (99.8%) LeSee Zhile Technology (Beijing) Co., Ltd. (0.2%)
Faraday & Future Auto Technology (Shanghai) Co., Ltd.	People's Republic of China	LeSee Automotive (Beijing) Co., Ltd.
LeShare Internet Technology (Beijing) Co. Ltd.	People's Republic of China	LeSee Automotive (Beijing) Co., Ltd.

[1]

ENTITY NAME	JURISDICTION OF ORGANIZATION	SHAREHOLDER/MEMBER
LeSEE Auto Technology (Beijing) Co., Ltd.	People's Republic of China	LeSee Automotive (Beijing) Co., Ltd.
LeAutolink Intelligent Technology (Beijing) Co., Ltd.	People's Republic of China	LeSee Automotive (Beijing) Co., Ltd.
LeSEE Automotive (Zhejiang) Co., Ltd.	People's Republic of China	LeSee Automotive (Beijing) Co., Ltd.
Letv New Energy Automotive Technology (deqing) co., LTD	People's Republic of China	LeSEE Automotive (Zhejiang) Co., Ltd.
Chengdu xinneng dianzhuang technology co., LTD	People's Republic of China	LeSee Automotive (Beijing) Co., Ltd. (19.72%)[2] Yue Xian (32.08%) Liang Zhao (17.14%) Jiong Pan (11.43%)
Beijing Dianzhuang Technology co., LTD	People's Republic of China	LeSee Automotive (Beijing) Co., Ltd. (19.7143%) Yue Xian (55.7408%) Beijing Xinneng Chuangzhan Investment Management Center (Limited Partnership) (15.9735%) Nanning Yangliu Venture Capital Management Center (Limited Partnership) (8.5714%)

[1] LeShare Internet Technology (Beijing) Co. Ltd. previously owned 50% of Ledian Rental (Beijing) Co. Ltd. ("Ledian") but later transferred that 50% interest to a transferee who did not make full payment for the transfer. The Company has attempted, but has been unable, to update the ownership information in the commercial registration for Ledian due to the transferee's unresponsiveness. As a result, although Ledian has been removed from the Organizational Structure Chart, LeShare technically continues to own 50% of Ledian in the public records.

[2] Chengdu Xinneng Dianzhuang Technology Co., LTD is listed on the National Equities Exchange and Quotations in China. This schedule only lists the shareholders holding shares above 10%.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following registration statements No. 333-266901, No. 333-271662, and No. 333-274248 on Form S-8, No. 333-272354 on Form S-3/A, and No. 333-272745 and No. 333-274247 on Form S-3, of Faraday Future Intelligent Electric Inc. of our report dated May 22, 2024, relating to the consolidated financial statements of Faraday Future Intelligent Electric Inc. for the years ended December 31, 2023 and 2022 appearing in this Annual Report on Form 10-K for the year ended December 31, 2023.

/s/ Mazars USA LLP

New York, NY
May 28, 2024

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

I, Matthias Ayd, certify that:

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

Date: May 28, 2024

/s/ Matthias Ayd

Matthias Ayd

Global Chief Executive Officer

(Principal Executive Officer)

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

Date: May 28, 2024

/s/ Jonathan Maroko

Jonathan Maroko

Interim Chief Financial Officer

(Principal Financial and Accounting Officer)

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 Annual Report of Faraday Future Intelligent Electric Inc. (the "Company") on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthias Aydt, Global Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

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

Dated: May 28, 2024

/s/ Matthias Aydt

Matthias Aydt

Global Chief Executive Officer

(Principal Executive Officer)

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 Annual Report of Faraday Future Intelligent Electric Inc. (the "Company") on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (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.

Dated: May 28, 2024

/s/ Jonathan Maroko

Jonathan Maroko

Interim Chief Financial Officer

(Principal Financial and Accounting Officer)

Policy Regarding the Recoupment of Certain Compensation Payments

As Adopted by the Compensation Committee
Of the Board of Directors Effective as of October 2, 2023

In the event Faraday Future Intelligent Electric Inc. (the "Company") is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws (including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period), the Company shall recover reasonably promptly the amount of any erroneously awarded Incentive-Based Compensation from each Covered Individual unless an exception (set forth below) applies.

Incentive-Based Compensation shall be considered "erroneously awarded" under this policy to the extent such Incentive-Based Compensation (1) is received by the Covered Individual on or after the effective date of Rule 5608 of The Nasdaq Stock Market LLC ("Nasdaq") Rules and while the Company has a class of securities listed on a national securities exchange or a national securities association, (2) is received by the Covered Individual during the three completed fiscal years immediately preceding the date that the Company is required to prepare the accounting restatement (and any transition period applicable to a change in the Company's fiscal year as required by Nasdaq listing rules), and (3) the amount of such received Incentive-Based Compensation exceeds the amount of the Incentive-Based Compensation that would have been received by the Covered Individual had it been determined based on the restated financial results (with such Incentive-Based Compensation computed in each case without regard to any taxes paid). For purposes of this policy, the date that the Company is required to prepare the accounting restatement is the earlier to occur of (A) the date the Company's Board of Directors (the "Board"), or a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such accounting restatement, or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare such accounting restatement.

For purposes of this policy, Incentive-Based Compensation is considered "received" by a Covered Individual in the Company's fiscal period during which the Financial Reporting Measure applicable to the Incentive-Based Compensation is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that fiscal period. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the amount of erroneously awarded compensation will be determined by the Compensation Committee of the Board (the "Committee") based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received. The Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq as required by Nasdaq listing rules. If the erroneously awarded Incentive-Based Compensation consists of shares (including share-denominated equity awards) or options that are still held by the Covered Individual at the time of recovery, the recoverable amount is the number of shares or options received in excess of the number of shares or options that would have been received based on the accounting restatement (or the value of that excess number). If the options

have been exercised but the underlying shares have not been sold, the recoverable amount is the number of shares underlying the excess options based on the restatement (or the value thereof). If the shares have been sold, the recoverable amount is the proceeds that were received in connection with the sale of the excess number of shares. Amounts credited under plans (other than tax-qualified plans for which the exception set forth below applies) based on erroneously awarded Incentive-Based Compensation and any accrued earnings thereon are also recoverable under this policy.

The Company shall not be required under this policy to recover erroneously awarded Incentive- Based Compensation if the Committee has made a determination that recovery would be impracticable and either of the following conditions are met: (1) after making a reasonable attempt to recover such erroneously awarded Incentive-Based Compensation, the Committee determines that the direct expense paid to a third party to assist in enforcing this policy would exceed the amount to be recovered (documentation evidencing the reasonable attempt to recover the erroneously awarded Incentive-Based Compensation must be maintained and provided to Nasdaq as required by Nasdaq listing rules), or (2) the recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Internal Revenue Code Section 401(a)(13) or Internal Revenue Code Section 411(a) and the regulations thereunder.

For purposes of this policy, the following definitions will apply:

- “Covered Individual” means any current or former officer of the Company who is or was subject to Section 16 of the Securities Exchange Act of 1934, as amended, at any time during the applicable performance period for the relevant Incentive-Based Compensation, regardless of whether such individual continues to hold such position or continues to be employed by the Company or any of its subsidiaries.
- “Incentive-Based Compensation” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.
- “Financial Reporting Measures” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures (including, for purposes of this policy, stock price and total shareholder return). A Financial Reporting Measure need not be presented within the Company’s financial statements or included in a filing with the Securities and Exchange Commission.

This policy is intended to comply with the requirements of Rule 10D-1 promulgated by the Securities and Exchange Commission and the related listing rules of Nasdaq, and the terms hereof shall be construed consistent with that intent. This policy does not limit any other remedies the Company may have available to it in the circumstances, which may include, without limitation, dismissing an employee or initiating other disciplinary procedures. The provisions of this policy are in addition to (and not in lieu of) any rights to repayment the Company may have under Section 304 of the Sarbanes-Oxley Act of 2002 (applicable to the Chief Executive Officer and Chief Financial Officer only) and other applicable laws. The Company shall not indemnify any Covered Individual against the loss of erroneously-awarded Incentive- Based Compensation that is recovered by the Company pursuant to this policy.

The Committee shall have the sole authority to construe and interpret this policy and to make all determinations required to be made pursuant to this policy. Any such construction, interpretation or determination by the Committee shall be final and binding.

The Committee may revise this policy from time to time.