

## Risk Factors Comparison 2024-05-28 to 2023-03-09 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

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 operations and anticipates that it will continue to do so incur losses in the future.**
- **It may never achieve or sustain profitability.**
- **FF expects its operating expenses to increase significantly in the future, which may impede its ability to achieve profitability.**
- **FF might need’ s operating results forecast relies in large part upon assumptions and analyses developed by its management. If these assumptions and analyses prove to raise additional 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 in the near term to support start production on the FF 91 Futurist in the event the financing commitments secured as part of the Sixth Amendment are not received in a timely manner. After commencement of the start of production, FF will need to raise additional capital to satisfy its other capital needs business and could be subject to investor legal claims.**
- **FF has historically incurred substantial indebtedness and may continue incur substantial additional indebtedness in the future, and it may not be able to refinance borrowings on terms that do so.**
- **FF’ s vehicles are in development acceptable to FF, or at all.**
- **The production and the delivery of the FF 91 Futurist’ s first vehicle has experienced, and may continue to experience, significant delays.**
- **Non- binding pre- orders**
- **For the audits of the years ended December 31, 2022 and 2021, FF’ s current and former independent auditor’ s report included an and explanatory paragraph relating to other non- binding indications of interest may not be converted into binding orders / sales.**
- **FF’ s ability may have insufficient reserves to continue cover future warranty claims.**
- **FF as has taken a going concern.**
- **FF is taking remedial measures in response to the Special Committee findings . There can be no assurance that may such remedial measures will be successful unsuccessful .**
- **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 Holding LLC (which, as of February 2023, changed its name to FF Global Partners Investment LLC) (“ FF Top ”) and FF Global and the recent assessment by the Board of FF’ s management structure, including management roles, responsibilities and reporting lines.**
- **FF is involved in a 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 model series of vehicles in for the foreseeable future.**
- **The market for FF’ s vehicles , including its SLMD vehicles, is nascent and not established.**
- **FF had 356 non- binding, fully refundable pre- orders as of February 27, 2023 and other non- binding indications of interest, and there can be no assurance that such pre- orders and other indications of interest will be converted into actual binding orders or sales.**
- **FF is dependent depends on its suppliers, the majority of which are single- source suppliers.**
- **The inability of these suppliers to timely deliver necessary components for FF products, and disruption of supply or increases in costs of materials could harm FF’ s business.**
- **FF may not develop the complex software and technology systems necessary for the production of its electric vehicles.**
- **FF identified material weaknesses in its internal control over financial reporting.**
- **FF’ s decision to manufacture its own vehicles in its leased FF ieFactory Hanford, California facility does not guarantee FF will not incur significant delays in the production of the vehicles.**
- **FF’ s contract manufacturer or other future contract manufacturer may fail to timely produce and deliver vehicles.**
- **FF has minimal experience servicing and repairing its vehicles. The inability to adequately service vehicles**
- **Changes in U. S. and international trade policies may adversely affect impact FF’ s business and operating results .**
- **Industry**
- **FF faces competition from multiple sources may adversely affect FF’ s revenues, including increase its costs to acquire new customers, and hinder its ability established domestic and international competitors, and expects to acquire face competition from others in the future, including competition from companies with new customers 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.**
- **FF faces risks related to natural disasters, climate change, health epidemics and pandemics, terrorist attacks, civil unrest and other circumstances outside its control.**
- **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** prevent FF from effectively operating its business, harm its reputation or subject FF to significant liability.

- 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** may be subject to risks associated with autonomous driving technology.
- FF's vehicles will make use of lithium-ion battery cells, which have been observed **could expose FF to significant costs** catch fire or vent smoke and **flame disruption**.
- Yueting Jia, FF's founder and Chief Product and User Ecosystem Officer, is closely associated with the Company'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.
- 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.
- Yueting Jia and FF Global, over which Mr. Jia exercises significant influence, have control over the **Company FF's** management, business and operations, and may use this control in ways that are not aligned with **FF the Company's** business or financial objectives or strategies or that are otherwise inconsistent with the Company's interests.
- Disputes with our **FF's** stockholders are costly and distracting.
- The composition of FFIE's Board has changed, and may further change prior to or immediately following completion of the Company's annual meeting of stockholders (the "Annual Meeting").
- FF is subject to legal proceedings and **claims, and disputes** arising **both** in and outside the ordinary course of business.
- FFIE is not in compliance with Delaware General Corporation Law because it has been more than 13 months since FFIE's last Annual Meeting.

**Risks Related to FF's Operations in China**

- **Policy** FF operates in China, and plans to have significant operations in the future in China (including Hong Kong) through its subsidiaries organized in the PRC (including Hong Kong) (collectively, the "PRC Subsidiaries"), and faces various legal and operational risks associated with doing business in China, which could result in a material change **changes** 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 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.
- **Fluctuations in exchange rates could result in Foreign foreign currency exchange losses to FF** 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 **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' 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 may be classified as a PRC **regulation of loans** "resident enterprise," which would likely result in unfavorable tax consequences to FFIE and its non-**direct investments in PRC entities by offshore** enterprise stockholders.
- 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 **FF** from making loans or additional capital contributions to our **the** 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 **FF's** financing activities, and, if required, **we it** cannot predict if **we it** will be able to obtain such approval or complete such filing or other administrative procedures.
- Certain PRC rules and **U. S. regulations** **regulatory** establish complex procedures **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 some acquisitions by foreign investors-Nasdaq and may be delisted,** which could **affect the** **make market** it more difficult **price and liquidity** 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 **the FF's** 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. Risks Related to Our Common Stock • FFIE has not paid dividends 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 Class A announcement or implementation of such a reverse split could negatively affect the price of its Common Stock • and its ability to do so in the future will be subject to its subsidiaries' ability to distribute cash to it. • FFIE is subject to complex public company rules and regulations, and there can be no assurance that FFIE will be able to comply with them. FFIE will continue to incur increased burdens as a public company. • There can be no assurance that FFIE will be able to comply with the continued listing standards of Nasdaq. FFIE has received written notices from the SEC regarding its non-compliance with Nasdaq minimum bid price and annual stockholder meeting requirements. • FF may be required to take write-downs or write-offs, or FF may be subject to restructuring, impairment or other charges. • 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. Sale by certain holders • FF may issue additional shares of the Class A Common Stock or preferred may negatively impact the market price of the Class A Common Stock, while such holders may still receive significant proceeds. • FF's tax obligations and related filings have become significantly more complex and subject to greater risk of scrutiny. • The issuance of additional shares of Common Stock, which including upon full conversion of the principal amount of all outstanding SPA Notes and exercise of all outstanding SPA Warrants and ATW NPA Warrants, 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. • stockholder interests. • FFIE • FF has granted preferential director nomination rights to certain investors which may cause FFIE-FF to fall out of compliance with Nasdaq listing rules. • • Concentration of ownership may delay or prevent a change in control. Certain of FFIE's defensive measures could prevent a takeover that stockholders may consider favorable. • Claims for indemnification by our FF's directors and officers may reduce our its available funds to satisfy, including for successful third-party claims against it and us. • FFIE's dual-class structure may depress reduce the amount trading price of the Class A money available to it. RISK FACTORS An investment in our Common common Stock stock involves risk. In Before investing in our common stock, in addition, upon approval by FFIE stockholders of an amendment to the Amended and Restated Charter pursuant to the Amended Shareholder Agreement, the voting power of the Class B Common Stock held by FF Top will convert from one vote per share to 10 votes per share and, upon FFIE achieving an equity market capitalization of \$ 3. 0 billion, the voting power of the Class B Common Stock will convert from 10 votes per share to 20 votes per share, each of which will entitle FF Top to have substantial influence over FFIE's corporate matters. If Nasdaq considers FFIE a "controlled company" following such conversions of the Class B Common Stock, FFIE may qualify for exemptions from certain corporate governance requirements. • Negative analyst coverage could affect FFIE's share price and trading volume. • FFIE's reduced reporting obligations as an "emerging growth company" could make the Common Stock less attractive to investors. • If FFIE implements a reverse stock split, the liquidity of its Common Stock and warrants may be adversely effected. FF was founded in 2014 and has built several prototype and production-intent vehicles. However, to date, FF has not started commercial production of its first electric vehicle. Based on certain management assumptions, including the timely receipt of \$ 38. 4 million to \$ 58. 4 million of additional funding, which commitments have been secured as part of the Sixth Amendment, and approval by stockholders of the proposal to increase FFIE's authorized shares of Class A Common Stock from 815, 000, 000 to 1, 690, 000, 000, increasing the total authorized shares from 900, 000, 000 to 1, 775, 000, 000, which approval was obtained during the special meeting of stockholders held on February 28, 2023, timely completion of key equipment installation and commissioning work at the icFactory California in Hanford, California, suppliers meeting our supply chain requirements, the implementation and effectiveness of certain expense reduction and payment delay measures, and timely and successful testing and certification, FF expects to start production of the FF 91 Futurist at the end of March 2023, coming off the line in early April 2023, and delivery to users anticipated to begin before the end of April 2023. There is no assurance FF will be able to timely receive sufficient funding under existing financing commitments to start production on the FF 91 Futurist on that timeline or at all. If unable to receive sufficient funding, FF will be required to obtain new financing commitments, which may not be available to it under reasonable commercial terms. Further, there other information described 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. There is also no assurance that FFIE stockholder approval of an authorized share increase will be obtained in Item a timely manner or at all. Furthermore, even if FF achieves commercial production of electric vehicles, 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, raise additional capital when required or operate profitably. Any investment in FF is therefore highly speculative. FF has incurred losses in the operation of its business and anticipates that it will continue to incur losses in the future. 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 \$ 552.1 million and \$ 516.5 million for the years ended December 31, 2022 and 2021, respectively. Net cash used in operating activities was \$ 383.1 million and \$ 339.8 million for the years ended December 31, 2022 and 2021, respectively. Since inception, FF has made significant investments in technology to implement the recently announced FF Product and Technology Upgrade Generation 2.0 (“PT-Gen 2.0 Management’s Discussion and Analysis of Financial Condition and Results of Operations”), as well as in vehicle design, development and tooling, construction of manufacturing facilities **Part II.** “you should carefully consider” employee compensation and benefits and marketing and branding. PT-Gen 2.0 was achieved through the following risks upgrade of 26 major systems and components. Such risks These upgrades consist of 13 key upgrades throughout the powertrain, battery, charging, chassis, and interior in EV areas -- are not the only ones that relate --, as well as 13 key upgrades due to our businesses improvements in computing, sensing, communication and user interaction and significant 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 improvements to the FF 91 Futurist. FF expects to continue or increase such investments; however, there can be no not assurance these investments will be a reliable indicator of future performance and historical trends should not be used to anticipate result results in the successful and timely delivery of FF 91 series or subsequent vehicle programs, or at all. FF may incur unforeseen expenses, or encounter difficulties, complications, and delays in delivering FF 91 series, and therefore may never generate sufficient revenues to sustain itself. Even if FF brings FF 91 series to market, it may continue to incur substantial losses for -- or reasons including the lack trends in future periods. If any of demand the events described below for -- or in FF 91 series and the relevant services, vehicle service and warranty costs, increasing competition, challenging macroeconomic conditions, regulatory changes and other -- the risks discussed documents incorporated by reference herein were to occur, and so it may never achieve or our businesses 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 revenue, the amount prospects, financial condition, results of operations additional funding needed could differ from earlier estimates and / or 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 evaluated a range of alternative operating scenarios, including a scenario where only the FF 91 series is initially developed and sold, followed by development and sales of other planned vehicles in the portfolio (FF 81 series, FF 71 series, and SLMD). FF is operating under this scenario, currently focused towards the start of production of the FF 91 series, whereby spending on the development of the FF 91 series is potentially leverageable and applicable to future models. FF has ceased incremental spending on the development of future vehicles with the goal of reducing new capital requirements in 2023. FF expects to further incur significant operating costs which will impact its profitability, including research and development expenses as it introduces new models and improves existing models, capital expenditures in the expansion of its manufacturing capacities, additional operating costs and expenses for production ramp-up, raw material materially procurement costs, general and administrative expenses as it scales its operations, and sales, marketing, and distribution expenses as it builds its brand and markets its vehicles. Additionally, it may incur significant costs once it delivers the FF 91 series, including vehicle service and warranty expenses. FF’s ability to become profitable in the future 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, macro events such as the ongoing global pandemic and the conflict in Ukraine have adversely affected supply chains, impacting FF’s ability to control and manage costs. Additionally, currency fluctuations, 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 in future periods compared to current levels may increase significantly, as it: ● continues to develop FF 91, FF 81, and FF 71 series and Smart Last Mile Delivery (“SLMD”) electric vehicle models; ● develops and equips its manufacturing facility in Hanford, California to produce FF 91, and prepares for manufacturing capabilities in South Korea and other potential manufacturing options, and in China for additional production capacity for FF 91 and other electric vehicle models; ● builds up inventories of parts and components for FF 91; ● develops and expands its design, development, maintenance, servicing and repair capabilities; ● opens 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. FF expects its capital expenditures to continue to be significant for the foreseeable future as it continues to develop and grow its business. In response to the delay in obtaining funding commitments and negative macroeconomic trends in the industry in which FF operates, such as supply chain pressures and cost inflation, FF has identified and begun implementation of certain cost reduction and cash conservation measures, including headcount and temporary salary reductions, supplier payment deferrals, and other cost-cutting measures. FF does not believe that the incremental impact of these cost reduction and cash conservation measures will have a

material adverse impact on the timing of delivery of the FF 91 Futurist. There can be no assurance that FF will be successful in implementing these measures. The Company expects to start production of a saleable FF 91 Futurist at the end of March 2023, coming off the line in early April 2023, with deliveries to users to begin before the end of April 2023, subject to the timely receipt of \$ 38. 4 million to \$ 58. 4 million of additional funding, which commitments have been secured as part of the Sixth Amendment, and approval by stockholders of the proposal to increase FFIE's authorized shares of Class A Common Stock from 815, 000, 000 to 1, 690, 000, 000, increasing the total authorized shares from 900, 000, 000 to 1, 775, 000, 000, which approval was obtained during the special meeting of stockholders held on February 28, 2023. FF is focused on and committed to achieving the start of production of the FF 91 Futurist according to this timeline subject to the constraints of funding available at this time, which is limited relative to its previous plans. In response, FF reduced its initial production scope and volume to allow it to start production and delivery of the FF 91 Futurist using the projected funding. Under this plan, FF is expected to defer the completion of construction of certain areas in its manufacturing facility. Depending upon the success of the delivery of the FF 91 Futurist as well as the ability of FF to raise additional funding before reaching breakeven, FF expects that the ramp up of production will be slower relative to previous plans. The Company has received financing commitments for the funds required for the start of production of the FF 91 Futurist assuming timely receipt of funds. Since August 14, 2022, the Company has obtained commitments from several investors totaling \$ 267. 0 million in convertible note financing and in committed forced warrant exercise proceeds, subject to certain conditions. A total of \$ 171. 4 million under these commitments has been funded to date (\$ 150. 4 million net of original discount and transaction costs). Of the remaining balance of \$ 95. 6 million, an amount of \$ 20. 0 million is committed and contingent upon delivery of the FF 91 Futurist to the first batch of bona fide customers, an amount of \$ 9. 0 million is expected to be funded by the end of Q1 2023 and an amount of \$ 56. 0 million is expected to be funded within five business days after the satisfaction or waiver of certain conditions, including for a portion of such financing receipt of Company stockholder approval of such financing and an effective registration statement for the shares underlying the applicable notes. In addition, the Company had the right to force the exercise of the warrants underlying the Warrant Reserve, as such term is defined in Note 14, Stockholders' Equity, in the notes to the Consolidated Financial Statements for the year ended December 31, 2022 included elsewhere in this Annual Report on Form 10-K, for a total exercise price of \$ 20. 0 million in cash (\$ 10. 6 million remaining to be funded to the Company), upon the completion of certain milestones and conditions. The right to force exercise of the Warrant Reserve expired upon the holders exercising their warrants during 2023. In February 2023, Senyun and a purchaser affiliated with ATW Partners LLC exercised 20 % of their respective options to purchase additional senior secured notes and SPA Warrants of the Company under the same terms as the Incremental Notes as such term is defined in Note 10. Notes Payable in the notes to the Consolidated Financial Statements for the year ended December 31, 2022 included elsewhere in this Annual Report on Form 10-K. The Company received aggregated gross proceeds of \$ 18. 0 million (\$ 16. 2 million net of original issuance discount) in exchange for such issuances. Further, pursuant to the SEPA, the Company has the sole right, but not the obligation, to direct Yorkville from time to time to purchase up to \$ 200. 0 million of Class A Common Stock during the commitment period ending November 11, 2025, with an option to increase such amount to \$ 350. 0 million at FF's option, however, FF shall not have the ability to draw funds until the effectiveness of a registration statement for the resale of such shares, the approval of an increase to its authorized shares, and the satisfaction of certain other conditions. On December 8, 2022, FFIE filed with the SEC a registration statement on Form S-1 (File No. 333-268722) to register shares of Class A Common Stock to be issued under the SEPA. The Company has continued financing discussions with multiple parties, but has experienced delays in the past in securing additional funding commitments relative to its business plan included in the Form 8-K filed on July 25, 2022, which have exacerbated the supply chain pressures on FF's business. These factors, in addition to the continued rise in inflation and other challenging macroeconomic headwinds, have led FF to take steps to preserve its cash position, including reducing spending, extending payment cycles and implementing other similar measures, as well as working with suppliers to re-evaluate production schedules and timing. FF expects that it will be required to raise additional capital to fund its operations to support the ramp-up of production of the FF 91 Futurist to generate revenues to put it on a path to cash flow break-even. If our ongoing capital raising efforts are unsuccessful or significantly delayed, or if we are unable to satisfy the closing conditions under any of our financing agreements, or if we experience prolonged material adverse trends in our business, our planned and actual production will be further delayed or decreased, and our actual use of cash and revenue may also change. While FF is actively engaged in negotiations with potential financing sources, there is no guarantee that it will be able to raise additional capital on terms acceptable to it or at all. In addition to the risk that FF's assumptions and analyses may prove incorrect, the projections may underestimate the professional fees and other costs to be incurred related to the pursuit of various financing options currently being considered and ongoing legal risks. FF's cash needs after the start of production and delivery of the FF 91 Futurist will depend on the extent to which FF's actual costs vary from FF's estimates and FF's ability to control these costs and raise additional funds. Any challenges in supplier engagements, delays in ramping capacity or labor at the Hanford facility or for sales and service engagements, rising prices of materials, or ongoing global supply chain disruptions may further increase the need for additional capital to produce and deliver the FF 91 series. In particular, recently, some suppliers have threatened to terminate their relationship with FF because of late payments or requested accelerated payments and other terms and conditions as a result of our past payment history and concerns about the Company's financial condition, leading to less favorable payment terms than FF had anticipated, and delaying or putting at risk certain deliveries. FF is in active negotiations with these suppliers to minimize these risks and has been successful to date in retaining the majority of key suppliers. Apart from the FF 91 series, substantial additional capital will be required to fund operations, research, development, and design efforts for future vehicles. 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 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 operates in a capital-intensive industry which requires significant cash to fund its operations. FF expects its capital expenditures to continue to be significant for the foreseeable future as it continues to develop and grow its business. In response to the delay in obtaining funding commitments and negative macroeconomic trends in the industry in which FF operates, such as supply chain pressures and cost inflation, FF has identified and begun implementation of certain cost reduction and cash conservation measures, including headcount and temporary salary reductions, supplier payment deferrals, and other cost-cutting measures. FF does not believe that the incremental impact of these cost reduction and cash conservation measures will have a material adverse impact on the timing of delivery of the FF 91 Futurist. As of the date hereof, the Company has received financing commitments for the funds required for the start of production of the FF 91 assuming timely receipt of funds. FF might need to raise additional capital in the near term to start production on the FF 91 in the event the financing commitments secured as part of the Sixth Amendment are not received in a timely manner. After commencement of the start of production, FFIE will need to raise additional capital to satisfy its other capital needs. The Company expects to start production of a saleable FF 91 Futurist at the end of March 2023, coming off the line in early April, with deliveries to users to begin before the end of April, subject to the timely receipt of \$ 38.4 million to \$ 58.4 million of additional funding, which commitments have been secured as part of the Sixth Amendment, and approval by stockholders of the proposal to increase FFIE's authorized shares of Class A Common Stock from 815,000,000 to 1,690,000,000, increasing the total authorized shares from 900,000,000 to 1,775,000,000, which approval was obtained during the special meeting of stockholders held on February 28, 2023. There can be no assurance that FF will be successful in implementing these measures. As of February 27, 2023, FF's cash position was \$ 37.6 million, including restricted cash of \$ 2.1 million. Given that FF had 356 non-binding, fully refundable pre-orders as of February 27, 2023 and vehicle deliveries were not made in 2022, no revenue was realized in 2022. In addition to the risk that FF's assumptions and analyses may prove incorrect, the projections may underestimate the professional fees and other costs to be incurred related to the pursuit of various financing options currently being considered and ongoing legal risks. FF will be required to seek additional capital to fund operations. Since August 14, 2022, the Company has obtained commitments from several investors totaling \$ 267.0 million in convertible note financing and in committed forward warrant exercise proceeds, subject to certain conditions. A total of \$ 171.4 million under these commitments has been funded to date (\$ 150.4 million net of original discount and transaction costs). Of the remaining balance of \$ 95.6 million, an amount of \$ 20.0 million is committed and contingent upon delivery of the FF 91 to the first batch of bona fide customers, an amount of \$ 9.0 million is expected to be funded in February 2023 and an amount of \$ 56.0 million is expected to be funded within five business days after the satisfaction or waiver of certain conditions, including for a portion of such financing receipt of Company stockholder approval of such financing and an effective registration statement for the shares underlying the applicable notes. In February 2023, Senyun and a purchaser affiliated with ATW Partners LLC exercised 20% of their respective options to purchase additional senior secured notes and SPA Warrants of the Company under the same terms as the Incremental Notes. The Company received aggregated gross proceeds of \$ 18.0 million (\$ 16.2 million net of original issuance discount) in exchange for such issuances. The Company is continuing financing discussions with multiple parties, but has experienced delays in securing additional funding commitments, which have exacerbated the supply chain pressures on FF's business. There can be no assurance that FF will be able to successfully obtain additional incremental convertible senior secured note purchasers under the SPA or other debt or equity financing in a timely manner or on acceptable terms, if at all. In particular, FF is currently conducting due diligence on potential financing sources. This process has been time consuming and may result in FF not being able to consummate any financing from these or other financing sources on a timely basis or at all. There can also be no assurance that we will be able to satisfy the closing conditions under our financing agreements. If we are unable to raise sufficient additional funds in the near term, we may be required to further delay our production and delivery plans for the FF 91 Futurist, reduce headcount, liquidate our assets, file for bankruptcy, reorganize, merge with another entity, and / or cease operations. FF's cash needs after the delivery of the FF 91 Futurist will depend on the extent to which FF's actual costs vary from FF's estimates and FF's ability to control these costs and raise additional funds. Any challenges in supplier engagements, delays in ramping capacity or labor at the Hanford facility or for sales and service engagements, rising prices of materials, or ongoing global supply chain disruptions may further increase the need for additional capital to produce and deliver the FF 91 series. In particular, recently, some suppliers have threatened to terminate their relationship with FF because of late payments or 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. FF is in active negotiations with these suppliers to minimize these risks and has been successful in retaining the majority of key suppliers. Apart from the FF 91 series, substantial additional capital will be required to fund operations, research, development, and design efforts for future vehicles. FF is exploring various alternatives to raise additional funding and

finance its ongoing operations, including equipment leasing and construction financing of FF's Hanford, California production facility, secured syndicated debt financing, convertible notes, working capital loans, and equity offerings, among other options. The particular funding mechanisms, terms, timing, and amounts are dependent on FF's assessment of opportunities available in the marketplace and the circumstances of the business at the relevant time. It is difficult to predict the demand for FF's vehicles and appropriately budget for such expenses; and FF may have limited insight into trends that could emerge and affect its business. As a company, FF does not have experience manufacturing vehicles, and as such, there is no historical basis for FF to make judgments on the demand for its vehicles. If FF is unable to accurately estimate the demand for its vehicles, match the timing and quantities of component purchases to actual needs or successfully implement inventory management and other systems to accommodate the increased complexity in FF's supply chain, FF may incur unexpected production disruption, and storage, transportation and other costs, which could have a material adverse effect on its business, prospects, financial condition and operating results. FF may raise additional funds through the issuance of equity, equity related or debt securities, or through obtaining credit from financial institutions or governmental organizations. FF cannot be certain that additional funds will be available on favorable terms when required, or at all, and any such financing is expected to dilute FF's stockholder value. If FF is unable to obtain funding in a timely manner or on commercially acceptable terms, or at all, its financial condition, results of operations, business and prospects could be materially and adversely affected. To the extent FF were to further meaningfully delay the production and delivery of the FF 91 series, potential consumers may lose confidence in FF, and customers who have placed pre-orders for FF 91 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. 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. Since inception, FF has incurred cumulative losses from operations, negative cash flows from operating activities and has an accumulated deficit of \$ 3, 476. 6 million and \$ 2, 907. 6 million for the years ended December 31, 2022 and 2021, respectively. In addition, FF had working deficit (being the extent to which total consolidated current liabilities exceeds total consolidated current assets less restricted cash) of \$ 202. 6 million as of December 31, 2022 and working capital (being total consolidated current assets less restricted cash and total consolidated current liabilities) of \$ 288. 1 million as of December 31, 2021. Although FF settled the majority of its debt in either equity or cash upon consummation of the Business Combination and paid off of 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 incurrance 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. FF has not yet commenced production of any model and has not recognized any revenue as of the date hereof. FF's future business depends in large part on its ability to execute its plans to develop, manufacture, market, and deliver electric vehicles, including FF 91, FF 81, FF 71 series, and SLMD electric vehicle models that appeal to customers. Based on certain management assumptions, including the timely receipt of \$ 38. 4 million to \$ 58. 4 million of additional funding, which commitments have been secured as part of the Sixth Amendment, and approval by stockholders of the proposal to increase FF's authorized shares of Class A Common Stock from 815, 000, 000 to 1, 690, 000, 000, increasing the total authorized shares from 900, 000, 000 to 1, 775, 000, 000, which approval was obtained during the special meeting of stockholders held on February 28, 2023, timely completion of key equipment installation and commissioning work at the iFactory California in Hanford, California, suppliers meeting our supply chain requirements, the implementation and effectiveness of certain expense reduction and payment delay measures, and timely and successful testing and certification, FF expects start of production of the FF 91 Futurist at the end of March 2023, coming off the line in early April 2023, and deliveries to users anticipated to begin before the end of April 2023. However, start of production or deliveries of the FF 91 Futurist may experience further delays due to reasons such as insufficient capital, supply shortages, design defects, talent gaps, and / or force majeure. For example, FF relies on third-party suppliers for the provision and development of many key components used in FF 91 Futurist and other models. To the extent FF's suppliers experience any delays in providing or developing necessary components, or if they experience quality issues, FF could experience 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 the production and delivery of the FF 91 series, potential consumers may lose confidence in FF, and customers who have placed pre-orders for 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. With FF's vehicle still under development, FF does not have any current customers or any binding pending orders and there is no assurance that non-binding pre-orders and other non-binding indications of interest will be converted into binding orders or sales. To date, FF has not sold any vehicles. Though FF has engaged in marketing activities in anticipation of starting

customer deliveries of the FF 91 series, FF has received 356 non-binding, fully refundable pre-orders as of February 27, 2023 and other non-binding indications of interest and 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 until FF is able to scale up its marketing function to support sales, there will be 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 to fund 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. FF's recurring losses from operations raise substantial doubt about FF's ability to continue as a going concern. There is no assurance that FF will be successful in executing upon its operating plan and be able to maintain an adequate level of liquidity, which would result in FF not being able to continue as a going concern. Since inception, FF has incurred cumulative losses from operations, negative cash flows from operating activities and has an accumulated deficit of \$ 3, 476. 6 million and \$ 2, 907. 6 million as of December 31, 2022 and 2021, respectively. FF expects to continue to generate significant operating losses for the foreseeable future. Based on FF's recurring losses from operations since inception and continued cash outflows from operating activities, in FF's audited consolidated financial statements for the years ended December 31, 2022 and 2021, FF concluded that this circumstance raised substantial doubt about FF's ability to continue as a going concern within one year from the original issuance date of such financial statements. Similarly, in its report on the consolidated financial statements for the years ended December 31, 2022 and 2021, FF's current and former independent registered public accounting firm included an explanatory paragraph stating that FF's recurring losses from operations and continued cash outflows from operating activities raised substantial doubt about FF's ability to continue as a going concern. FF's consolidated financial statements for the years ended December 31, 2022 and 2021 do not include any adjustments that may result from the outcome of this uncertainty. However, after the closing of the Business Combination and the PIPE Financing on July 21, 2021, FF received gross proceeds aggregating \$ 991. 0 million which it used to pay \$ 84. 3 million in transaction costs and \$ 139. 6 million (in addition to equity) to settle certain liabilities. As of December 31, 2022, the Company's principal source of liquidity was cash totaling \$ 17. 0 million, which was held for working capital and general corporate purposes. As of February 27, 2023, FF's cash position was \$ 37. 6 million, including restricted cash of \$ 2. 1 million. reduction and cash conservation measures will have a material adverse impact on the timing of delivery of the FF 91. The Company expects to start production of a saleable FF 91 Futurist at the end of March 2023, coming off the line in early April, with deliveries to users to begin before the end of April, subject to the timely receipt of \$ 38. 4 million to \$ 58. 4 million of additional funding, which commitments have been secured as part of the Sixth Amendment, and approval by stockholders of the proposal to increase FFIE's authorized shares of Class A Common Stock from 815, 000, 000 to 1, 690, 000, 000, increasing the total authorized shares from 900, 000, 000 to 1, 775, 000, 000, which approval was obtained during the special meeting of stockholders held on February 28, 2023. There can be no assurance that FF will be successful in implementing these measures. 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. FF is seeking to raise additional capital from fundraising efforts currently underway (in addition to \$ 267. 0 million that has been committed to date) to supplement its cash on hand to fund the production of FF 91, which may not be successful. FF is actively engaged in confidential discussions and negotiations with entities affiliated with FF Top and other potential investors with respect to purchasing incremental convertible senior secured notes and / or convertible junior secured notes on the same terms as FF Simplicity under the SPA described above. There can be no assurance that FF will be able to successfully obtain additional incremental convertible senior secured note purchasers under the SPA or other debt or equity financing in a timely manner or on acceptable terms, if at all. In particular, the Company is currently conducting due diligence on potential financing sources. This process has been time consuming and may result in the Company not being able to consummate any financing from these or other financing sources on a timely basis or at all. 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, reduce headcount, liquidate our assets, file for bankruptcy, reorganize, merge with another entity, and / or cease operations. FF's cash needs for the FF 91 Futurist will depend on the extent to which FF's actual costs vary from FF's estimates and FF's ability to control these costs and raise additional funds. Any challenges in supplier engagements, delays in ramping capacity or labor at the Hanford facility or for sales and service engagements, rising prices of materials, or ongoing global supply chain disruptions may further increase the need for additional capital to produce and deliver the FF 91 series. Apart from the FF 91 series, substantial additional capital will be required to fund operations, research, development, and design efforts for future vehicles. The timely achievement of FF's operating plan as well as its ability to maintain an adequate level of liquidity are subject to various risks associated with FF's ability to continue to successfully obtain additional sources of funding, and control and effectively manage its costs, as well as factors outside of the Company's control, including those related to global supply chain disruptions, and the rising prices of materials and ongoing impact of the COVID-19 pandemic. FF's forecasts and projections of working capital reflect significant judgment and estimates for which there are inherent risks and uncertainties. There can be



no assurance that FF will be successful in achieving its strategic plans, that FF's capital raises will be sufficient to support its ongoing operations, or that any additional financing will be available in a timely manner or on acceptable terms, if at all. If events or circumstances occur such that FF does not meet its strategic plans, FF will be required to reduce discretionary spending, alter or scale back vehicle development programs, be unable to develop new or enhanced production methods, or be unable to fund capital expenditures. Any such events would have a material adverse effect on FF's financial position, results of operations, cash flows, and ability to achieve its intended business objectives. Based on its recurring losses from operations since inception and continued cash outflows from operating activities, FF 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 FF's Consolidated Financial Statements for the year ended December 31, 2022 were issued. If FF is unable to continue as a going concern, it may have to seek protection under applicable bankruptcy laws and/or liquidate or reorganize its assets and may receive less than the value at which those assets are carried on its consolidated financial statements. If this were to happen, it is likely investors would lose part or all of their investment. Future reports from FF's independent registered public accounting firm may also contain statements expressing substantial doubt about FF's ability to continue as a going concern. If such doubt about FF continues, investors or other financing sources may be unwilling to provide additional funding to FF on commercially reasonable terms, or at all, and FF's business may be harmed. FF is taking 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. 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 existing in the Company's internal control environment; and that certain of the Company'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 "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments—Special Committee Investigation" for more information regarding the findings and remedial actions relating to the Special Committee investigation. Although FF is in the process of implementing the remedial measures directed by the Board and is committed to addressing the issues identified in connection with the Special Committee review and subsequent investigative work, no assurance can be provided that such remedial measures will be successful in resolving the problems identified by the Special Committee, will insulate the Company from the consequences of past disclosure inaccuracies, or will be successful in preventing inaccurate disclosures in the future. The Company also cannot predict whether, or to what extent, such remedial actions will impact its operations or financial results. 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 the Company to further litigation and regulatory investigations and could contribute to a failure of the Company to meet its SEC reporting obligations in a timely manner, any of which could adversely impact investor confidence in the Company, contribute to a decline in trading prices for the Company's securities and interfere with the Company's ability to access financing. On September 23, 2022, FF entered into the Heads of Agreement with FF Global and FF Top, pursuant to which the Company agreed to and implemented significant changes to the Board and Company governance, as more fully described in the section captioned "Management—Governance Agreement with FF Top and FF Global." Certain of such changes may undercut 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. The Company expects that the Board seated after the Annual Meeting 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 the Company (previously Dr. Breitfeld and currently Mr. Xuefeng Chen). 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 Securities Exchange Act of 1934, as amended (the "Exchange Act") and an "executive officer" of the Company under Rule 3b-7 under the Exchange Act. 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 the Amended Shareholder Agreement with FF Global (only with respect to the amendment of the Heads of Agreement) and FF Top, pursuant to which various terms of the Heads of Agreement were amended. The Selection Committee is comprised of Mr. Xin He, Mr. Chad Chen and Mr. Chui Tin Mok. Given the governance changes pursuant to the Heads of Agreement such as those described above and further changes to the composition of the Board post Annual Meeting, 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. The Company's Board and management intend to continue to evaluate the Special Committee remedial actions and take actions in the best interest of the Company and its stakeholders. For the audits of the years ended December 31, 2022 and 2021, FF's current and former independent registered public accounting firm included an explanatory paragraph relating to FF's ability to continue as a going concern in its report on FF's audited financial statements included in this Annual Report on Form 10-K. FF's audit reports in 2022 and 2021 from its current and former independent registered public accounting firms include an explanatory paragraph stating that FF's recurring losses from operations and continued cash outflows from operating activities raise substantial doubt about FF's ability to continue as a going concern. FF's consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty. As of the date FF's audited consolidated financial statements as of December 31, 2022 were issued, FF management expected that it would be required to obtain additional funding to continue as a going concern within the next 12 months, resulting in there being substantial doubt about FF's ability to continue as a going concern. If FF is unable to continue as a going concern, it may have to seek protection under applicable bankruptcy laws and / or liquidate or reorganize its assets and may receive less than the value at which those assets are carried on its consolidated financial statements. If such an event were to happen, it is likely investors would lose part or all of their investment. Future reports from FF's current independent registered public accounting firm may also contain statements expressing substantial doubt about FF's ability to continue as a going concern. If such doubt about FF continues, investors or other financing sources may be unwilling to provide additional funding to FF on commercially reasonable terms, or at all, and FF's business may be harmed. 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, 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 Securities Exchange Act of 1934 was filed in the United States District Court, Central District of California, against FFIE, among others, and its current Global CEO, its former CFO, its current Chief Product and User Ecosystem Officer, as well as the CFO of Legacy FF and former CFO of the Company, and the Co-CEOs of PSAC. Also, on March 8, March 21, April 11, and April 25 2022, putative stockholder derivative lawsuits were filed in the United States District Court, Central District of California and United States District Court, District of Delaware against numerous current and former officers and directors of FFIE alleging violations of the Securities Exchange Act of 1934 and various common law claims. Also, 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, FFIE, its current Global CEO, its former CFO and its current Chief Product and User Ecosystem Officer alleging breaches of fiduciary duties. 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, 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 the alleged breaches, in connection with disclosures and stockholder voting leading up to the Business Combination. See "Business—Legal Proceedings" 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 may expand the scope of its investigation beyond that of the Special Committee. We have incurred, and may continue to incur, significant expenses related to legal 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. 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. On October 20, 2022, FF received a subpoena from the SEC requiring FF to produce certain documents relating to FF's transactions with Senyun International Ltd. FF has fully complied with and intends to continue to fully comply with the subpoena. FF has incurred legal and accounting expenses and may continue to incur significant legal and accounting expenditures in connection with the Special Committee investigation, SEC investigation, 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 inurrence 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's success will initially depend substantially on the future sales and success of FF 91 series. FF expects 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, 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 ("business-to-consumer") 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 is dependent 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. The COVID-19 pandemic has caused disruptions in the supply chain, which may continue due to the complex and compounding problems, including shortages of personnel, and our single source suppliers may also experience damage or interruption in their operations due to unforeseen events or become insolvent or bankrupt, all of which could delay or stop their shipment of components to us. 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 these 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 significant delays in delivering on its planned timelines. Currently, FF has not approved secondary sources for the key single sourced components used in FF 91. 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 legal claims have been settled through the vendor trust FF established in April 2019 (“Vendor Trust”), there are still a number of remaining disputes with suppliers in the U. S. and in China. More recently, some suppliers have requested accelerated payments and other terms and conditions as a result of our past payment history and concerns about the Company’s financial condition, leading to less favorable payment terms than the Company had anticipated, and delaying or putting at risk certain deliveries. 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 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, it may not be able to accurately or timely report its financial condition or results of operations, which may adversely affect FF's business and share price. 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. These material weaknesses contributed to the following additional material weaknesses:
- FF did not design and maintain effective controls to address the identification of and accounting for certain non-routine, unusual or complex transactions, including the proper application of U. S. GAAP to such transactions. Specifically, FF did not design and maintain controls to timely identify and account for embedded derivatives related to convertible notes, impute interest on related party notes payable with interest rates below market rates, account for failed sale leaseback transactions, and account for warrant instruments.
- FF did not design and maintain formal accounting policies, procedures and controls to achieve complete, accurate and timely financial accounting, reporting and disclosures, including controls over the period-end financial reporting process addressing areas including financial statement and footnote presentation and disclosures, account reconciliations and journal entries, including segregation of duties, assessing the reliability of reports and spreadsheets used in controls, and the timely identification and accounting for cut-off of expenditures. These material weaknesses resulted in adjustments primarily related to expense cut-off and the associated accounts including operating expenses, accounts payable and accruals, property and equipment, convertible notes payable and interest expense and related financial disclosures, which were recorded as of and for the year ended December 31, 2019. These material weaknesses also resulted in adjustments primarily related to the extinguishment of a noncontrolling interest, accounts payable, vendor payables in trust and adjustments to the statement of cash flows which were recorded as of and for the year ended December 31, 2019 as well as disclosure errors related to the anti-dilutive shares excluded from the calculation of diluted net loss per share, deferred tax assets and related valuation allowance, accrued interest for certain notes payable, and the fair value of the Vendor Trust as of December 31, 2019. Refer to Note 3 to FF's Consolidated Financial Statements for the year ended December 31, 2020, included in its Registration Statement on Form S-4 (File Number 333-255027), initially filed with the SEC on April 5, 2021 (as amended, the "Registration Statement"). Additionally, the material weakness related to accounting for warrant instruments resulted in the restatement of the previously issued financial statements as disclosed in Note 2 to PSAC's Consolidated Financial Statements for the year ended December 31, 2020 within PSAC's Annual Report on Form 10-K/A, of the entity acquired as part of the July 21, 2021 merger agreement related to warrant liabilities and equity.
- FF did not design and maintain effective controls over information technology ("IT") general controls for information systems that are relevant to the preparation of its financial statements, specifically, with respect to (i) program change management controls to ensure that IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately; (ii) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate company personnel; and (iii) computer operations controls to ensure that critical batch jobs are monitored and data backups are authorized and monitored. These IT deficiencies did not result in a material misstatement to the consolidated financial statements, however, the deficiencies, when aggregated, could result in material misstatements potentially impacting all financial statement accounts and disclosures. In connection with the Special Committee investigation, and the completion of additional investigative and remedial work based on Special Committee findings, which were performed under the direction of the then newly-appointed Executive Chairperson, reporting to the Audit Committee, additional material weaknesses were identified in FF's internal control over financial

reporting (as disclosed in Note 3 to FF's consolidated financial statements for the years ended December 31, 2021 and 2020 included in the Company's Annual Report on Form 10-K filed on May 13, 2022). Specifically, in addition to the material weaknesses described above relating to management not establishing formal reporting lines in pursuit of its objectives as well as maintaining effective controls for communicating and sharing information between the legal, capital markets, and accounting and finance departments, the following material weaknesses were identified: ● FF did not maintain an effective control environment or demonstrate a commitment to maintain integrity and ethical values. Specifically, certain members of senior management failed to reinforce the need for an attitude of compliance and internal control awareness with certain of FF's governance, accounting and finance policies and procedures. This resulted in the inaccurate and incomplete disclosures of certain relationships, arrangements, and transactions. This material weakness contributed to the following additional material weakness: ● FF did not design and maintain effective controls related to the identification and disclosure of certain arrangements and transactions with related parties. The material weaknesses identified in connection with the Special Committee investigation resulted in the revision of our previously filed financial statements as of and for the period ended December 31, 2020 (as disclosed in Note 9 to FF's Annual Report on Form 10-K for the fiscal year ended December 31, 2021) and for the periods ended March 31, 2021 (as disclosed in Note 1 to FFIE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022) and June 30, 2021 (as disclosed in Note 1 to FFIE's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022) related to notes payable, related party notes payable, accrued interest, related party accrued interest, interest expense, and related party interest expense. Additionally, each of the material weaknesses described above could result in a material misstatement to substantially all of our accounts or disclosures. Management is actively engaged and committed to taking the steps necessary to remediate the control deficiencies that constituted the material weaknesses. During 2021 and 2022, FF made the following enhancements to our internal control over financial reporting: ● FF added finance and accounting personnel to the organization to strengthen our finance and accounting teams. The additional personnel are expected to provide oversight, structure, reporting lines, and additional review over our disclosures; ● FF implemented certain new accounting policies and procedures, and an IT system relevant to the preparation of our financial statements to improve communication of key areas across the different departments at FF and to provide adequate structure, accountability, and segregation of duties; ● FF appointed Ms. Becky Roof as Interim Chief Financial Officer (CFO) and engaged an affiliate of AlixPartners LLP to accelerate implementation of Special Committee recommendations including, but not limited to remediation of the material weaknesses in internal control over financial reporting (on October 12, 2022, Ms. Roof resigned from FF upon the successful completion of key milestones in FF's reporting and fundraising activities, and on October 22, 2022, the Company appointed Ms. Yun Han as Chief Accounting Officer and Interim CFO, effective as of October 25, 2022); ● FF implemented enhanced controls around FF's related party transactions, including regular attestations; ● FF removed Mr. Yueting Jia, FF's founder, as an Executive Officer, although he will continue in his position as Chief Product & User Ecosystem Officer of FFIE, reporting to the Chairperson with his role limited to focusing on (a) Product and Mobility Ecosystem and (b) Internet, Artificial Intelligence, and advanced R & D technology (however, as of February 26, 2023, this remedial measure is no longer being implemented as further discussed below); ● Functions previously dual-reporting to Mr. Jia and Mr. Breitfeld would report only to Ms. Swenson (but Mr. Jia may remain involved in long-term strategy) (and following the resignation of Ms. Swenson on October 3, 2022, all FF management (including Mr. Jia) reported directly or indirectly to the Global CEO of FF (previously Dr. Breitfeld and currently Mr. Xuefeng Chen) indefinitely while the Board continues to evaluate the appropriate FF management reporting lines) (however, as of February 26, 2023, this remedial measure is no longer being implemented as further discussed below). However, on February 26, 2023, the Board approved Mr. Jia (along with 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; and ● FF adopted an Insider Investment Reporting Policy to enhance internal reporting of related party transactions. Our remediation activities are continuing during 2023, although certain of the remedial efforts described above are no longer applicable given recent developments. For instance, Ms. Swenson resigned from the Board on October 3, 2022. Moreover, effective on February 26, 2023, certain departments within the Company report to both Mr. Jia and Mr. Xuefeng Chen, including the Company's user ecosystem, capital markets, human resources and administration, corporate strategy and China departments, subject to processes and controls to be determined by the Board after consultation with the Company's management. The Company's product, mobility ecosystem, I. A. I., and advanced R & D technology departments report directly to Mr. Jia, while the remaining departments continue to report to Mr. Xuefeng Chen. Based on the changes to his responsibilities within FF, the Board determined that Mr. Jia is an "officer" of the Company within the meaning of Section 16 of the Exchange Act, and an "executive officer" of the Company under Rule 3b-7 under the Exchange Act. FF has or is planning to put in place processes and controls to mitigate the risks associated with the changes in Mr. Jia's responsibilities as well as to enhance oversight and corporate governance, including but not limited to: ● segregating responsibilities and duties in the Company's user ecosystem, capital markets, human resources and administration, corporate strategy and China departments; ● requiring Board, or a designated committee of the Board, to approve the signing of financing agreements, the hiring, promoting or terminating vice presidents of the Company and above (including additional Section 16 officers), and the approval of Company-wide compensation policies; ● hiring of a Compliance Officer with the title of Deputy General Counsel (hired in March 2023), who will report on a dotted line to the Chair of the Audit committee, and a Director of Risks and Internal Controls; and ● engaging an external consulting firm to 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 otherwise, FF expects to engage in additional activities;

including, but not limited to: ● Continuing to hire key finance and accounting personnel as FF scales and until FF has sufficient technical accounting resources, combined with engaging external consultants to provide support and to assist us in our evaluation of more complex applications of U. S. GAAP and to assist us with documenting and assessing our accounting policies and procedures; ● Designing and implementing controls in response to the risks of material misstatement to identify and evaluate changes in our business and the impact on our internal controls; ● Designing and implementing controls for communicating and sharing information between legal, capital markets, and accounting to facilitate transactions being recorded timely and accurately; ● Designing and implementing formal processes, accounting policies, procedures, and controls supporting certain business processes and our financial close process, including creating standard balance sheet reconciliation templates and journal entry controls assessing the reliability of reports and spreadsheets used in controls; and the timely identification and accounting for cut-off of expenditures; ● Designing and implementing controls to address the identification of and accounting for certain non-routine, unusual or complex transactions; ● Designing and implementing controls related to the identification and disclosure of certain arrangements and transactions with related parties; ● Continuing to implement additional IT systems relevant to the preparation of our financial statements and controls over financial reporting to improve communication of key areas across the different departments at FF and to provide adequate structure, accountability, and segregation of duties; and ● Designing and implementing IT general controls, including controls over change management, the review and update of user access controls and controls over critical batch jobs and data backups. While FF has made progress, the material weaknesses will not be considered remediated until FF completes the design and implementation of the enhanced controls, the controls operate for a sufficient period of time, and FF has concluded, through testing, that these controls are effective. FF believes that our remediation plan will be sufficient to remediate the identified material weakness and strengthen our internal control over financial reporting. As we continue to evaluate and work to improve our internal control over financial reporting, FF may determine that additional measures or modifications to the remediation plan are necessary. We are working to remediate the material weaknesses as efficiently and effectively as possible and expect full remediation could potentially go beyond December 31, 2023. At this time, we cannot provide an estimate of costs expected to be incurred in connection with implementing this remediation plan; however, these remediation measures will be time consuming, will result in FF incurring significant costs, and will place significant demands on our financial and operational resources. While FF believes these efforts will remediate the material weaknesses, FF may not be able to complete its evaluation, testing or any required remediation in a timely fashion, or at all. FF cannot assure you that the measures it has taken to date and may take in the future, will be sufficient to remediate the control deficiencies that led to its material weaknesses in internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. The effectiveness of FF's internal control over financial reporting is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the possibility of human error and the risk of fraud. If FF is unable to remediate its material weaknesses, FF's ability to record, process and report financial information accurately, and to prepare financial statements within the time periods specified by the forms of the SEC, could be adversely affected which, in turn, may adversely affect FF's reputation and business and the market price of the Class A Common Stock. Any such failures could result in litigation or regulatory actions by the SEC or other regulatory authorities, loss of investor confidence, delisting of FF's securities and harm to FF's reputation and financial condition, or diversion of financial and management resources from the operation of FF's business. Notwithstanding the foregoing, as a result of the governance settlement entered into between FF and FF Global described elsewhere in this Annual Report on Form 10-K and other developments, there has been substantial recent turnover in key management personnel, including legal and compliance personnel, as well as substantial changes to the composition of the Board, and further changes may continue to occur substantially concurrently with the completion of the Annual Meeting. See "—The composition of FFIE's Board has changed, and may further change prior to or immediately following completion of the Annual Meeting." As a result of this turnover in the composition of the Board, there can be no guarantee that the Board as composed in the future will agree with decisions made by the Board at the time of the Special Committee investigation, that they will not identify other areas that require remediation or that they will continue to pursue the remediation measures described above. Loss and turnover of personnel, particularly accounting, finance and legal personnel, may also negatively impact FFIE's internal controls over financial reporting and other disclosures and our ability to prepare and make timely and accurate public disclosures. FF plans to continue to build-out its leased manufacturing facility in Hanford, California in anticipation of the production of 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 Hanford facility 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 such as the outbreak of the COVID-19 pandemic, difficult economic conditions and international political tensions, the conflict in Ukraine; and ● other delays and cost overruns. Production and manufacturing of some of FF's vehicles will 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 is outsourcing 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. 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 would be build-out as planned or if the parties will cooperate with each other as agreed. For example, FF entered into a joint venture agreement with The9 Limited in March 2019 with the intent for the joint venture to serve the China market with capabilities to manufacture, market, distribute, and sell a new model designed for the JV based on concepts of FF 91. However, the joint venture has been dormant since then because The9 Limited has never provided the required funding, and as a result, FF has not licensed its IP to the joint venture. 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. 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. 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 new energy vehicles ("NEVs") and internal combustion engine ("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, 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 (such partners are "FF Partners" and such stores or showrooms are "FF 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 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 the recent



uncertainties over the impact of Brexit, ongoing trade disputes and tariffs, and the impact of the COVID-19 pandemic and 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. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of the world's leading economies. 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. Specifically, as a result of the COVID-19 pandemic, 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, including the current COVID-19 pandemic, which could significantly disrupt FF's operations. The occurrence of unforeseen or catastrophic events, including the emergence of an epidemic, 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. Most recently, there has been a pandemic caused by a novel coronavirus known as COVID-19. The impact of COVID-19, including changes in consumer and business behavior, pandemic fears, market downturns, and restrictions on business and individual activities has created significant volatility in the global economy and has led to reduced economic activity. The spread of COVID-19 has also created a disruption in the manufacturing, delivery and overall supply chain of vehicle manufacturers and suppliers, and has led to a global decrease in vehicle sales in markets around the world. The pandemic has resulted in government authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, stay-at-home or shelter-in-place orders, and business shutdowns. For example, FF's employees based in California have been periodically subject to stay-at-home orders from state and local governments. These measures may adversely impact FF's employees and operations and the operations of FF's suppliers and business partners, and could negatively impact the construction schedule of FF's manufacturing facility and the production schedule of FF 91 Futurist. In addition, various aspects of FF's business and manufacturing facility cannot be conducted remotely. These measures by government authorities may remain in place for a significant period of time and could adversely affect FF's construction and manufacturing plans, sales and marketing activities, and business operations. The spread of COVID-19 has caused FF to modify its business practices, including limiting employee travel, requiring all non-essential personnel to work from home, and canceling or reducing physical participation in meetings, events and conferences. Further action may be required by government authorities or the Company to ensure the health and safety of FF's employees, customers, suppliers, vendors and business partners. There is no assurance that such actions will be sufficient to mitigate the risks posed by the virus or be satisfactory to government authorities. If significant portions of FF's workforce are unable to work effectively, including due to illness, quarantines, social distancing, government actions or other restrictions in connection with the COVID-19 pandemic, FF's business prospects, financial condition and results of operations will be negatively impacted. On April 17, 2020, the Company entered into a Paycheck Protection Program Promissory Note ("PPP Note") with U. S. Small Business Administration (SBA) lender East West Bank under the Paycheck Protection Program of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The Company received total proceeds of \$ 9.2 million from the PPP Note. In accordance with the requirements of the CARES Act, the Company used the proceeds for payroll costs and rent. As of December 31, 2021, the SBA informed the Company that a principal amount of \$ 9.0 million as well as accrued interest of \$ 0.2 million was forgiven. The balance of \$ 0.2 million (including accrued interest) was paid in April 2022. The extent to which the COVID-19 pandemic impacts FF will depend on future developments which are highly uncertain and cannot be predicted, including, but not limited to the duration and spread of the pandemic, its severity, the actions to contain the virus or treat its impact, the effectiveness and side effects of vaccines, and how quickly and to what extent normal economic and operating activities can resume. The COVID-19 pandemic could limit the ability of FF's suppliers and business partners to perform, including third-party suppliers' ability to provide components, materials and service used for FF 91. FF may also experience an increase in the cost of raw materials. Even after the COVID-19 pandemic has subsided, FF may continue to experience an adverse impact to its business as a result of the global economic impact and any lasting effects on the global economy, including any recession that has occurred or may occur in the future. 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. In the past several months, FF has experienced significant changes in the membership of the Board and senior management team, including most recently the transition in the Global CEO position. 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 joins a competitor or forms 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. 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 FF is not able to successfully defend or insure against such claims. FF may become subject to product liability claims, which could harm its business, prospects, operating results and financial condition. The automotive industry experiences significant product liability claims, and FF faces the inherent risk of exposure to claims in the event FF's vehicles do not perform as expected or experience a malfunction that results in property damage, personal injury and / or death. Such claims could divert FF's financial and other resources and cause disruption to its operations. Furthermore, a successful product liability claim against FF could result in a substantial monetary award while generating significant negative publicity. FF's insurance coverage might not be sufficient to cover all potential product liability claims. 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 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 the Company'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 modifies 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 or will go 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'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 United States will be subject to numerous regulatory requirements established by the National Highway Traffic Safety Administration ("NHTSA"), including all applicable Federal Motor Vehicle Safety Standards ("FMVSS"). FF's vehicles must also obtain emissions certification from either the Environmental Protection Agency ("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. As a manufacturing company, including with respect to FF's current Hanford, California facility, its future facility with a third-party manufacturer in South Korea and other potential contract manufacturing options, and its proposed 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 proposed by the SEC which are expected to come into effect over the next three years. 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 have very limited flexibility in changing battery cell suppliers. Additionally, FF has not approved secondary sources for the key sourced components used in FF 91. 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 negatively impact 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 the 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 91 is designed with autonomous driving functionalities and FF plans to continue its research and development 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 in ways FF does not currently anticipate. 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. It has been reported that on rare occasions, lithium-ion cells 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 can 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 pack 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 United States 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. Because of his position as the founder of the Company and his continuing role with the Company 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, an "officer" of the Company for purposes of Section 16 of the Exchange Act and an "executive officer" of the Company under Rule 3b-7 of the Exchange Act, Mr. Yueting 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. Mr. Jia's activities have in the past 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments—Special Committee Investigation" 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 would significantly harm FF's business and prospects. As a condition to receiving distributions from the trust established as part of Mr. Yueting 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. Mr. Yueting Jia founded the Company in 2014, and was its Chief Executive Officer from 2017 until 2019. He chose and led the team creating the FF 91, and as 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, the Company agreed to reinstitute the FF Transformation Committee, a management committee (of which Mr. Jia will be a member and Mr. Jerry Wang will initially be an observer as a representative of FF Global) that will discuss business matters being undertaken by the Company (the committee will not have any decision-making authority). Effective as of October 4, 2022, Mr. Jia was also appointed as Founder Advisor, in which capacity he will act as an advisor to the Board (with no change to his current compensation). 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. As a result, Mr. Jia's responsibilities at the Company have been expanded and his ability to further influence the Company, 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 the Company's management, business and operations by several means, including:
- Beneficial ownership of 15.4% of the voting power of the Company's fully diluted Common Stock. This ownership position makes FF Global the largest holder of our Common Stock, and gives FF Global substantial influence over the composition of our Board (in addition to FF Global's director nomination rights under the Shareholder Agreement described below), which it is able to use in order to influence, or attempt to influence, Board decision-making. Additionally, pursuant to the Amended Shareholder Agreement, FF Top informed the Company that it expects the Company will 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 Annual Report on Form 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.

- Exercise of rights to appoint and remove directors. As previously disclosed, beginning in June 2022, the Company 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, FFIE entered into the Heads of Agreement, which provides for a governance settlement with FF Top that gives FF Global significant influence over the nomination and election of directors to the Board and required the resignation of Ms. Swenson and Mr. Krolicki (subject to the satisfaction of certain conditions) and appointment of Adam (Xin) He to the Board. Ms. Swenson subsequently tendered her resignation from her role as both Executive Chairperson and member of the Board on October 3, 2022, effective immediately, and Mr. He was appointed to serve as Interim (non-Executive) Chairman of the Board effective as of the same date. The Company expects that the Board seated after the Annual Meeting will select a permanent Chairperson of the Board. On January 13, 2023, FFIE 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) has 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 Annual Meeting. In addition, no FFIE directors as of the date of the Heads of Agreement will be renominated at the Annual Meeting other than Mr. He (based on the current composition of the Board), without the consent of the Selection Committee. Based on the current composition of the Board, the individuals nominated for election at the Annual Meeting and included on the Board's recommended slate will therefore be limited to: (a) four directors selected by FF Top, at least two of whom will be independent directors, and (b) two independent directors selected by a Selection Committee, comprised of Mr. Xin He, Mr. Chad Chen and Mr. Chui Tin Mok. As a result, the composition of the Board has substantially changed and may continue to further change through the completion of the Annual Meeting.
- On October 14, 2022, FF Top delivered to the Company a "Notice of Nomination of Replacement FF Top Designees" stating, among other things, that FF Top was nominating Ms. Li Han to fill the vacancy on the Board left by Ms. Susan Swenson's resignation. FF Top asserted the right to nominate Ms. Han to fill the vacancy created by Ms. Swenson's resignation because such resignation was not effected in accordance with the Heads of Agreement, and thus, the provision that Ms. Swenson's seat would remain empty until the Annual Meeting did not apply. FF Top maintained that it believed that Ms. Swenson's vacancy should be filled with a nominee of FF Top, notwithstanding the current level of FF Top's beneficial ownership of FFIE shares, in light of substantial dilution in its ownership of FFIE shares based on recent financing transactions entered into by FFIE.
- On October 22, 2022, the Company and FF Top entered into the FF Top Amendment to the FF Top Voting Agreement. Pursuant to the FF Top Amendment, FF Top (among other things) reaffirmed its commitment under the FF Top Voting Agreement, in light of the extension of the maturity date of the SPA Notes under the Third Amendment, to vote all of its shares of FFIE voting stock in favor of the proposal to approve (for purposes of the Nasdaq listing rules) the issuance, in the aggregate, of shares in excess of 19.99% of the total issued and outstanding shares of FFIE Common Stock pursuant to the Financing Documents at the special meeting of FFIE stockholders held on November 3, 2022. FF Top's obligations pursuant to the FF Top Amendment were conditioned on (i) the appointment of Mr. Chad Chen (or a substitute nominee, as applicable), in lieu of Ms. Li Han, 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 Chairman of the Board, directly with representatives of FF Top on certain additional governance and management matters and, to the extent the Chairman of the Board so determines, in his discretion, such matters will be put to a discussion and a vote of the full Board. On October 27, 2022, Mr. Chad Chen was appointed to the Board.
- 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 21,333,530 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 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 shareholders of the Company at which directors are to be elected, rounding up to the next whole director. The Amended Shareholder Agreement also requires the Company 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 the Company 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 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 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. 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 ” (as defined in the Amended Shareholder Agreement) 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 2023 Annual Meeting, the appointment of whom shall be 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 the Company’s shareholders, 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 designees of FF Top, 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 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 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 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 the Company’s Class B Common Stock, by operation of the Amended and Restated Charter, shall be 20 votes per share. • On December 18, 2022, Mr. Jie Sheng was appointed to the Board, effective immediately, following the resignation of Mr. Liu. On December 27, 2022, Ms. Ke Sun was appointed to the Board, effective immediately following the resignation of Mr. Edwin Goh. Mr. Sheng and Ms. Ke Sun are designees of FF Top pursuant to the Amended Shareholder Agreement. Further to the above, based on information provided by Mr. Xuefeng Chen, the Company’s Global CEO effective as of November 27, 2022, and FF Global, pursuant to an offer letter between them dated January 20, 2021, Mr. Xuefeng Chen will become an FF Global partner upon his subscription and payment for a certain number of FF Global units. See “ Business — Partnership Program — Scope of Partnership Program ” for more information. Additionally, FF Top has recently requested, and may in the future continue to request, additional expense reimbursements and indemnification from the Company. 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 the Company. See “ Management — Governance Agreement with FF Top and FF Global ” for more information. Given that Mr. Jia was disciplined by the Company 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 the Company’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 an “ officer ” of the Company under Section 16 of the Exchange Act and as an “ executive officer ” of the Company under Rule 3b-7 of the Exchange Act, which both imply that Mr. Jia has policy-making authority in the Company, could adversely affect the outcome of the pending SEC and DOJ investigations of the Company 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 both a Section 16 officer and an executive officer of the Company could result to the delisting of the Company’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 an “ officer ” of the Company under Section 16 of the Exchange Act and as an “ executive officer ” of the Company under Rule 3b-7 of the Exchange Act, the Board considered the value of Mr. Jia to the Company’s product and technology innovation, I. A. I., advanced technology, product and technology power and future development and his significant contributions to the Company’s recent financing. 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 “ Business — Legal Proceedings ” for further information regarding FF Global’s threatened litigation. 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 disagrees with or that Mr. Jia or FF Global considers 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 the Company’s interests. 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 Aydt, a current member of the Board and executive officer of FFIE and then a member of the board of managers of FF Global, after a discussion with a member of FF Global, relayed to Mr. Kroliicki that FF Global would pay Mr. Kroliicki up to \$ 700, 000, offset by the amount of any severance payments made by the Company, if Mr. Kroliicki resigned from the Board. This offer was rejected by Mr. Kroliicki. While FFIE 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 FFIE’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 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 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 the Company'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. Pursuant to the Heads of Agreement, subject to the satisfaction of certain contingencies and subject to certain other conditions, it was expected that Mr. Krolieki will resign as director of the Company. Ms. Swenson, our former Executive Chairperson, was also expected to resign at such time, however on October 3, 2022, Ms. Swenson and Mr. Scott Vogel resigned from the Board effective immediately. Mr. Jordan Vogel, the Company's former Lead Independent Director also resigned on October 3, 2022, effective on October 5, 2022 upon his receipt of a supplemental release pursuant to the Mutual Release. Effective as of October 3, 2022, Mr. He was appointed Interim Chairman of the Board. On October 14, 2022, FF Top delivered to the Company a "Notice of Nomination of Replacement FF Top Designees" stating, among other things, that FF Top was nominating Ms. Li Han to fill the vacancy on the Board left by Ms. Susan Swenson's resignation. FF Top asserted the right to nominate Ms. Li Han to fill the vacancy created by Ms. Swenson's resignation because such resignation was not effected in accordance with the Heads of Agreement, and thus, the provision that Ms. Swenson's seat would remain empty until the Annual Meeting did not apply. FF Top maintained that it believed that Ms. Swenson's vacancy should be filled with a nominee of FF Top, notwithstanding the current level of FF Top's beneficial ownership of FFIE shares, in light of substantial dilution in its ownership of FFIE shares based on recent financing transactions entered into by FFIE. See "Management—Governance Agreement with FF Top and FF Global" for more information. In addition, pursuant to the Heads of Agreement, as amended by the Amended Shareholder Agreement, none of the FFIE directors as of the date of the Heads of Agreement, other than Mr. He (based on the current composition of the Board), will be re-nominated for election at the Annual Meeting without the approval of the Selection Committee. It is possible that certain of such directors who will not be re-nominated may decide to resign prior to the Annual Meeting. The Selection Committee is in the process of identifying additional independent director candidates, and FFIE expects to file a proxy statement and schedule the Annual Meeting as promptly as practicable after a sufficient number of additional independent director candidates has been identified for election at the Annual Meeting. On October 27, 2022, Mr. Chad Chen was appointed to the Board. On October 28, 2022, Mr. Brian Krolieki 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 26, 2022, Ms. Ke Sun was appointed to the Board, effective immediately, following the resignation of Mr. Goh. Mr. Sheng and Ms. Sun are designees of FF Top pursuant to the Amended Shareholder Agreement. On December 26, 2022, Dr. Carsten Breitfeld tendered his resignation from the Board, which resignation was effective immediately. On December 27, 2022, Mr. Xuefeng Chen was appointed to the Board, effective immediately, following the resignation of Dr. Breitfeld. On January 20, 2023, Mr. Qing Ye tendered his resignation from the Board, which resignation was effective immediately. Mr. Ye remains a consultant of the Company as an independent contractor until November 18, 2023, at which time both parties will mutually reassess the relationship. On January 25, 2023, Mr. Chui Tin Mok was appointed to the Board, effective immediately, following the resignation of Mr. Ye. Therefore, there has been substantial recent turnover in the composition of the Board, resulting in reconstitution of the membership of our Board committees. As a result of the substantial turnover in the composition of the Board and its committees, there can be no assurance that the Board or its committees will function effectively or that there will not be any adverse effects on the Company or its business due to such developments. In addition to the shareholder class action and derivative matters discussed above, FF has been and continues to be involved in legal proceedings and claims arising both in and outside the ordinary course of FF's business. See "Business—Legal Proceedings" for more information. We could also be subject to claims and litigation by investors based on the decline of the price of our Common Stock. The outcome of any litigation is inherently uncertain. FF evaluates these claims and litigation proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, FF may establish reserves, as appropriate. Further, in the course of its operations, FF has been involved in litigation with contractors and suppliers over its past due payments. FF's PRC Subsidiaries are involved in 32 proceedings or disputes in which the PRC Subsidiaries are defendants and one dispute in which a PRC entity is a plaintiff and has received a prevailing judgment. Substantially all of the claims arose out of those subsidiaries' ordinary course of business, involving lease contracts, third-party suppliers or vendors, or labor disputes. The amounts claimed by the parties in the disputes involving FF's PRC Subsidiaries, and accrued penalties thereof, are approximately \$10.5 million. 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, regardless of whether the results of the legal proceedings are favorable to FF, they could still result in substantial costs, negative publicity and diversion of resources and management attention, which could materially affect FF's business, prospects, financial condition and results of operations. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in some of these legal 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. Any claims or litigation, even 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 our 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. We are not in compliance with Delaware General Corporation Law because it has been more than 13 months since our last Annual Meeting. Delaware General Corporation Law requires that a Delaware corporation hold a meeting of stockholders within 13 months of the latest Annual Meeting for the election of directors. Our last stockholder meeting at which FFIE directors were elected was held on July 20, 2021. As previously disclosed, FFIE expects to file a proxy statement and schedule the Annual Meeting as promptly as practicable after a sufficient number of additional independent director candidates has been identified for election at the Annual Meeting and approved by the Selection Committee. As of the date hereof, the Annual Meeting is expected to be scheduled in April 2023. A court may require us to hold an Annual Meeting of stockholders at an earlier time upon the application of any stockholder or director. In addition, on September 19, 2022, three Company employees and stockholders brought an action seeking to compel the Company to comply with its obligations under Delaware law to hold an Annual Meeting of stockholders for the purpose of electing directors. Plaintiffs have stayed this action until January 10, 2023. Additionally, on January 4, 2023, the Company received a written notice (the "Notice") from Nasdaq notifying the Company that it was not in compliance with the rules for continued listing as set forth in Nasdaq Listing Rules 5620 (a) and 5810 (e) (2) (G) since the Company has not yet held an Annual Meeting of stockholders within 12 months of the Company's fiscal year-end of December 31, 2021. The Company has until February 20, 2023 to submit a plan to regain compliance. If that plan is accepted by Nasdaq, then the Company may be granted an exception of up to 180 calendar days from the date of its December 31, 2022 fiscal year-end, or until June 29, 2023, to regain compliance. The Company's failure to regain compliance with standards for continued listing would result in the ultimate delisting of its Common Stock from Nasdaq. The Company intends to hold the Annual Meeting as soon as possible and is actively drafting a response to the Notice with a plan designed to regain compliance in accordance with the requirements of the Notice and Nasdaq Listing Rules in the near future. If the Delaware Court of Chancery were to order an Annual Meeting before we are prepared to hold one, the preparation for the Annual Meeting and the meeting itself could result in the unanticipated expenditure of funds, time, and other Company resources. FF faces various economic, operational and legal risks specific to China because of our corporate structure, our current operations in China and our plan to have significant operations in the future in China (including Hong Kong, which is subject to political and economic influence from mainland China), including the following: 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, level of corruption, 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, particularly in view of the effects of government actions to address the effects of the COVID-19 pandemic, which resulted in significant closures of businesses during the pandemic. 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. This refining and improving process may not necessarily have a positive effect on FF's operations and business development. 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 are not always uniform and enforcement of these laws, regulations and rules involve uncertainties. In addition, any new PRC laws or changes in PRC laws and regulations related to, among other things, foreign investment and manufacturing in China could have a material adverse effect on our business and our ability to operate our business in China. From time to time, our 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 more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection

we enjoy than in more developed legal systems. 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 our 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 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 will become 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 "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" 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, like us. Such actions taken by the PRC government may intervene or influence our 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 our 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 us and may reduce the value of, and amount in U. S. Dollars of dividends payable on, our 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; and in 2022, the CNY appreciated 8.5% 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 our 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 our PRC Subsidiaries. There is no assurance that our 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 our 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 inconsistent interpretations and enforcements

thereof could impede our 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 our 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. 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. FFIE is a holding company and conducts all of its business through its operating subsidiaries. FFIE 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 FFIE may have. Any limitation on the ability of the PRC Subsidiaries to make payments to FFIE, including but not limited to foreign currencies control, could have a material and adverse effect on FFIE's business, prospects, financial condition and results of operation, including FFIE's ability to conduct business, or limit FFIE's ability to grow. Current PRC regulations permit the PRC Subsidiaries to pay dividends to FFIE 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 FFIE. Any limitation on the ability of the PRC Subsidiaries to distribute dividends or to make payments to FFIE 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 FFIE could materially and adversely limit FFIE's ability to grow, make investments or acquisitions that could be beneficial to FFIE's business, pay dividends, or otherwise fund and conduct FFIE's business. Under the EIT Law, FFIE may be classified as a PRC "resident enterprise" for PRC enterprise income tax purposes. Such classification would likely result in unfavorable tax consequences to FFIE and its non-PRC enterprise stockholders and have a material adverse effect on our 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 FFIE, as a holding company incorporated in Delaware, meet all of the conditions above, and thus we do not believe that FFIE is a PRC resident enterprise. However, if the PRC tax authorities determine that FFIE is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, FFIE will be subject to the uniform 25% enterprise income tax on our world-wide income, which could materially reduce our net income. In addition, FFIE 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 FFIE 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 FFIE is treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the Common Stock. 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. Enhanced scrutiny by the Chinese tax authorities may have a negative impact on potential acquisitions and dispositions we 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, or 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, or 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, our 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 us from making loans or additional capital contributions to our PRC Subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business. As an offshore holding company with PRC Subsidiaries, FF may finance the operations of our PRC Subsidiaries by means of loans or capital contributions. As permitted under PRC laws and regulations, we may make loans to our PRC Subsidiaries subject to the approval from governmental authorities and limitation of amount, or we may make additional capital contributions to our PRC Subsidiaries. Furthermore, loans by us to our 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”), shall use its capital pursuant to the principle of authenticity and self-use within its business scope. The capital of an FIE shall 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 our PRC Subsidiaries or with respect to future capital contributions by us to our PRC Subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to capitalize or otherwise fund our 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 our assertions and beliefs of the risks imposed by the Chinese legal and regulatory system cannot be certain so our 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, including any decision not to continue to support recent economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, 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, our PRC Subsidiaries could be subject to regulation by various political and regulatory entities, including various local and municipal agencies and government sub-divisions. Our PRC Subsidiaries may incur increased costs necessary to comply with existing and newly adopted laws and regulations or penalties for any failure to comply. Our 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 our PRC Subsidiaries' operations at any time, it could result in a material change in our 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 FFIE's and the our investors' 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 FFIE 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 the Company 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 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) 50% or more 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 shall 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 shall 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 M & A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us 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, or 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 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 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 from 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. 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 National Development and Reform Commission, MOFCOM, the MHT, oversee different aspects of the electric vehicle business, and FF<sup>2</sup>'s 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 MHT on January 6, 2017 and amended on July 24, 2020, the MHT is responsible for the national-wide administration of new energy vehicles and their manufacturers. The manufacturers shall apply to the MHT for the entry approval to become a qualified manufacturer in China and shall further apply to the MHT 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 MHT from time to time, if they have obtained the entry approval from the MHT. 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<sup>2</sup>'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. 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. 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 MHT, 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. 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. 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 shall comply with provisions regarding the protection of personal information as stipulated under the relevant laws and regulations. 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 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 shall 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 shall 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 shall 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 shall 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 February 27, 2023, 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. Our 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 our 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 February 27, 2023, we have not received any notice from any PRC governmental authority identifying any of our 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 our PRC counsel, Fangda Partners, the abovementioned 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 our 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 our PRC Subsidiaries, which may have material adverse effects on our business, financial condition or results of operations. As of February 27, 2023, our 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 our 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 the Public Company Accounting Oversight Board (“PCAOB”), then investors may be deprived of the benefits of such inspection. Our current auditor, the independent registered public accounting firm that issued the audit report included elsewhere in this Annual Report on Form 10-K, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess our current auditor’s compliance with the applicable professional standards. Prior to 2022, the PCAOB was unable to conduct full inspections in China or review audit documentation located within China without the approval of Chinese authorities, which was not granted. Accordingly, prior to 2022, the auditors of FF’s PRC Subsidiaries were not subject to inspection by the PCAOB. Inspections of other PCAOB-registered firms by the PCAOB outside of China have identified deficiencies in their audit procedures and quality control procedures, which may improve future audit quality. The previous lack of PCAOB inspections in China prevented the PCAOB from regularly evaluating audits and quality control procedures of any auditors operating in China. The previous lack of PCAOB inspections prevented the PCAOB from evaluating the effectiveness of the China-based audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections. 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 because the financial statements with respect to FF’s PRC Subsidiaries. On December 18, 2020, the Holding Foreign Companies Accountable Act (“HFCA”) was signed into law. The major purpose of the HFCA is to avail U. S. regulators of access to review audits for companies in the same manner in which they review those of firms in any other nation. On December 2, 2021, the SEC adopted final amendments implementing the disclosure and submission requirements under the HFCA, pursuant to which the SEC will identify a “Commission-Identified Issuer” if an issuer has filed an Annual Report containing an audit report issued by a registered public accounting firm that the PCAOB has determined it is unable to inspect or investigate completely because of a position taken by an authority in the foreign jurisdiction, and will then impose a trading prohibition on an issuer after it is identified as a Commission-Identified Issuer for three consecutive years. The Consolidated Appropriations Act, 2023, which became law on December 29, 2022, reduced the number of consecutive non-inspection years required to trigger the trading prohibition under the HFCA from three years to two. On December 16, 2021, the PCAOB issued a report to notify the SEC its determinations that it is unable to inspect or investigate completely registered public accounting firms headquartered in Mainland China and Hong Kong, respectively, and identifies the registered public accounting firms in Mainland China and Hong Kong that are subject to such determinations. On August 26, 2022, the PCAOB signed a Statement of Protocol with the CSRC and the Ministry of Finance of the People’s Republic of China governing inspections and investigations of audit firms based in China and Hong Kong (the “SOP”). On December 15, 2022, the PCAOB vacated its 2021 determination that the positions taken by authorities in mainland China and Hong Kong prevented it from inspecting and investigating completely registered public accounting firms headquartered in those jurisdictions. In view of the PCAOB’s decision to vacate its 2021 determination and until such time as the PCAOB issues any new adverse determination, the SEC has stated that there are no issuers at risk of having their securities subject to a trading prohibition under the HFCA. Each year, the PCAOB will reassess its determinations on whether it can inspect and investigate completely audit firms in China, and, if in the future, the PCAOB determines it cannot do so, or if Chinese authorities do not allow the PCAOB complete access for inspections and investigations for two consecutive years, the companies engaging China-based public accounting firms would be delisted pursuant to HFCA. As noted above, the independent registered public accounting firm that issued the audit report included elsewhere in this Annual Report on Form 10-K, is subject to inspection by the PCAOB, thus we have not been identified as a “Commission-Identified Issuer” under the current framework of the HFCA. However, such legislative efforts could cause investor uncertainty for both affected foreign issuers and transnational companies with operations in China including FF. Further, new laws and regulations or changes in laws and regulations in both the U. S. and PRC could affect our ability to maintain our listing on Nasdaq, which could materially impair the market for and market price of our Class A Common Stock and warrants. The SEC, the DOJ and other U. S. authorities may also have difficulties in bringing and enforcing

actions against our PRC Subsidiaries or the directors or executive officers of our 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 shall 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 shall 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 us and our 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 significant 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 our 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. There can also be no assurance that we will be able to satisfy the closing conditions under our financing agreements. 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, 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 might need to raise additional capital in the near term to start production on the FF 91 in the event the financing commitments secured as part of the Sixth Amendment are not received in a timely manner. After commencement of the start of production, FF will need to raise additional capital to satisfy its other capital needs.” FFIE does not currently intend to pay dividends on our Class A Common Stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of FFIE’s Class A Common Stock. FFIE has no direct operations and no significant assets other than the ownership of the stock of its subsidiaries. As a result, FFIE 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 our 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. 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. On October 31, 2022, we received written notice from Nasdaq that we were not in compliance with the Nasdaq requirement for the bid price for Class A Common Stock to be at least \$1.00 per share (the “Minimum Bid Requirement”). We have until April 29, 2023 for the bid price for Class A Common Stock to close at \$1.00 per share or more for a minimum of 10 consecutive business days. If compliance is not regained by April 29, 2023 (unless

Nasdaq exercises its discretion to extend this period), our Class A Common Stock will be subject to a delisting action by Nasdaq. If we are unable to cure the deficiency or regain compliance, the Class A Common Stock will be delisted from Nasdaq. At a special meeting of FFIE stockholders held on November 3, 2022, FFIE stockholders approved (among other proposals) a proposal to approve an amendment to the Amended and Restated 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. This approval gives the Board the discretion to amend the Amended and Restated Charter to effect a reverse stock split (with such ratio to be determined in the discretion of the Board in the range of 1-for-2 to 1-for-10) of the Common Stock at any time within one year of the date of such special meeting of stockholders. A reverse stock split may allow us to meet the Minimum Bid Requirement. However, we cannot assure you that the reverse stock split will be implemented by our Board or that such reverse stock split, if implemented, will be sufficient to enable us to maintain our Nasdaq listing. Additionally, on January 4, 2023, the Company received a written notice (the "Notice") from Nasdaq notifying the Company that it was not in compliance with the rules for continued listing as set forth in Nasdaq Listing Rules 5620(a) and 5810(e)(2)(G) since the Company has not yet held an annual meeting of stockholders within 12 months of the 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 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 \$ 17.00 and a low price of \$ 0.2450 per share for the period from July 22, 2021, our first day of trading on Nasdaq, through February 27, 2023. 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 FFIE's securities, and FFIE's securities may trade at prices significantly below the price paid by you. In such circumstances, the trading price of FFIE's securities may not recover and may experience a further decline. Factors affecting the trading price of FFIE'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 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 FFIE'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 FFIE'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 FFIE'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 FFIE's securities irrespective of FFIE'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 FFIE's share price regardless of FFIE's business, prospects, financial conditions or results of operations. A decline in the market price of FF's securities also could adversely affect FFIE's ability to issue additional securities and FFIE'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 FFIE. 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," or 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 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 FF's Business and Industry—FF 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, it may not be able 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. FFIE may issue additional shares of Common Stock or preferred shares, which would dilute the interest of our stockholders. FFIE 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 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. Pursuant to our obligations under the SPA, we have agreed to register 441, 503, 935 shares of Class A Common Stock issuable upon exercise of SPA Warrants and conversion of SPA Notes. Such securities represent approximately 63.7% of the shares of Class A Common Stock outstanding as of February 27, 2023. After it is effective and until such time that it is no longer effective, the registration statement registering such securities will permit the resale of these shares. The resale, or expected or potential resale, of a substantial number of shares of our Class A Common Stock in the public market could adversely affect the market price for the Class A Common Stock and make it more difficult for you to sell your holdings at times and prices that you determine are appropriate. Accordingly, the adverse market and price pressures resulting from an offering pursuant to the registration statement may continue for an extended period of time. In addition, as of February 3, 2023, the Class A Common Stock is also subject to potential dilution from: (i) the exercise of up to 96, 255, 739 other warrants, (ii) the issuance of up to 90, 409, 839 shares of Class A Common Stock pursuant to the conversion of other notes, (iii) the exercise of up to 14, 728, 207 stock options, (iv) the vesting of 14, 850, 018 unvested RSUs, (v) the issuance of up to 3, 736, 242 earnout shares pursuant to the triggering events in the Merger Agreement and (vi) the issuance of up to 83, 427, 220 shares of Class A Common Stock that FFIE may elect, in its sole discretion, to issue and sell to Yorkville pursuant to the SEPA. 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 FFIE 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 and exercise of all outstanding SPA Warrants and ATW NPA Warrants, 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 Securities Purchase Agreement entered into by FFIE with FF Simplicity Ventures LLC, an entity affiliated with ATW Partners LLC, and RAAJJ Trading LLC on August 14, 2022, as amended by the first amendment thereto on September 23, 2022 (the "SPA"), pursuant to the Joinder and Amendment Agreement entered into by FFIE, Senyun, FF Simplicity, and RAAJJ Trading LLC on September 25, 2022, pursuant to the Limited Consent and Third Amendment entered into by FFIE, Senyun, FF Simplicity and RAAJJ Trading LLC on October 24, 2022, pursuant to the Limited Consent and Amendment entered into by FFIE, Senyun, FF Simplicity and RAAJJ Trading LLC on November 8, 2022, pursuant to the Letter Agreement and Amendment entered into by FFIE, Senyun and FF Simplicity on December 28, 2022, pursuant to the Limited Consent and Amendment No. 5 entered into by FFIE, Senyun, FF Simplicity and the other purchasers on January 25, 2023, and pursuant to the Amendment No. 6 to Securities Purchase Agreement entered into by FFIE, Senyun, FF Top, FF Simplicity and other purchasers on February 3, 2023 will result in significant additional dilution to the existing stockholders of FFIE. At a special meeting of FFIE stockholders held on November 3, 2022, FFIE 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, RAAJJ Trading LLC, 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. On February 8, 2023, FFIE filed a preliminary proxy statement regarding another special meeting to approve, as is required by the applicable Nasdaq rules and regulations, additional transactions involving notes and warrants issued to ATW Partners LLC, RAAJJ Trading LLC, Senyun, Acuitas and/or their affiliates as committed under the Sixth Amendment to the SPA. To the extent the SPA Notes are converted and the SPA Warrants and ATW NPA Warrants are exercised, such conversions and exercises would have a significant dilutive effect on the ownership interest of existing stockholders of FFIE. 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. FFIE 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 might need to raise additional capital in the near term to start production on the FF 91 in the event the financing commitments secured as part of the Sixth Amendment are not received in a timely manner. After commencement of the start of production, FF will need to raise additional capital to satisfy its other capital needs." 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, FFIE 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 21, 333, 530 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 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 shareholders of the Company at which directors are to be elected, rounding up to the next whole director. See "Management—Governance Agreement with FF Top and FF Global" for more information. Such right granted to FF Top or other similar rights granted to other investors in the future may cause FFIE 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

FFIE's Class A Common Stock to be delisted from Nasdaq. FFIE's Amended and Restated Charter 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 FFIE's stockholders' ability to obtain a chosen judicial forum for disputes with us or our directors, officers, employees or stockholders. FFIE's Amended and Restated Charter 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 shall be deemed to have notice of and consented to the forum provisions in our certificate of incorporation. In addition, our Amended and Restated Charter provides that the federal district courts of the United States shall 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. Sciabacuechi*, 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 Charter 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 our stock. FFIE's Amended and Restated Charter and Amended and Restated Bylaws contain provisions that could delay or prevent a change in control of FFIE. 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 FFIE'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 "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 Amended and Restated Charter 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 our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us. Our Amended and Restated Charter and Amended and Restated Bylaws provides 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 shall 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. Concentration of ownership may have the effect of delaying or preventing a change in control. Certain FF stakeholders, including legacy FF stakeholders, collectively own a significant amount of the outstanding Common Stock. These FF stakeholders include FF Top, which owns 64,000,588 shares of Class A Common Stock (on an as-converted basis), Season Smart Limited, which owns 66,494,117 shares of Class A Common Stock, and Senyun, which owns 25,333,333 shares of Class A Common Stock, representing 8.5%, 8.8% and 3.3%, respectively, of FFIE's outstanding Common Stock as of February 27, 2023 (including, for this purpose, 64,000,588 shares of Class A Common Stock issuable upon conversion of 64,000,588 shares of Class B Common Stock held by FF Top, all as issued and outstanding shares as of February 3, 2023). In addition, FF Top has entered into voting agreements with certain FFIE stockholders pursuant to which FF Top will vote as a proxy of all of the Class A Common Stock owned by such FFIE stockholders subject to certain limitations. As a result, FF Top exercises voting power over 15.4% of FFIE's outstanding Common Stock as of February 27, 2023 (based on same assumptions as above). Under the Amended Shareholder Agreement, FF Top is also entitled to nominate a number of directors based on its voting power with respect to FFIE's outstanding Common Stock, currently entitling FF Top to nominate four out of seven directors to the Board of FFIE. In addition, on



September 23, 2022 and January 13, 2023, FFIE, FF Global and FF Top entered into governance settlements with FF Top, the largest holder of FFIE Common Stock, including with respect to the composition of the Board. See “Management—Governance Agreement with FF Top and FF Global” more for information. As a result, FFIE’s equity holders, particularly FF Top, may have the ability to determine the outcome of corporate actions of FFIE requiring stockholder approval. This concentration of ownership may have the effect of delaying or preventing a change in control and might adversely affect the market price of our Class A Common Stock. Upon approval by FFIE stockholders of an amendment to the Amended and Restated Charter pursuant to the Amended Shareholder Agreement, the voting power of the Class B Common Stock held by FF Top will convert from one vote per share to 10 votes per share and, upon FFIE achieving an equity market capitalization of \$ 3. 0 billion, the voting power of the Class B Common Stock will convert from 10 votes per share to 20 votes per share, each of which will entitle FF Top to have substantial influence over FFIE’s corporate matters. FFIE has adopted a dual-class share structure such that its common shares consist of Class A Common Stock and Class B Common Stock. FF Top, an entity controlled by FF Global, which in turn is controlled by its board of managers consisting of five voting managers (i. e., Mr. Yueting Jia, Mr. Jerry Wang, Mr. Chui Tin Mok, Mr. Prashant Gulati and Ms. Chaoying Deng), beneficially owns, directly or indirectly, all of the outstanding shares of Class B Common Stock, which account for 8. 5 % of FFIE’s total outstanding shares of Common Stock (i. e., Class A Common Stock and Class B Common Stock combined) and voting power as of February 27, 2023 (including, for this purpose, 64, 000, 588 shares of Class A Common Stock issuable upon conversion of 64, 000, 588 shares of Class B Common Stock held by FF Top, all as issued and outstanding shares as of February 27, 2023). In respect of matters requiring the votes of stockholders, each share of Class A Common Stock will be entitled to one vote and each share of Class B Common Stock will initially be entitled to one vote. Pursuant to the Amended Shareholder Agreement, FF Top informed FFIE that it expects FFIE will submit a proposal to FFIE stockholders for approval to amend the Amended and Restated Charter to provide that (i) the voting power of FFIE’s 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 Company’s 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. After such conversion of voting power of the Class B Common Stock, the outstanding shares of Class B Common Stock, which FF Top beneficially owns, will account for 48. 0 % of FFIE’s voting power. Such conversion of voting power of the Class B Common Stock would only apply after FFIE stockholders approve the related proposals in the Amended Shareholder Agreement, and after the Amended and Restated Charter is amended accordingly, and, until such time, shares of Class B Common Stock are entitled to one vote per share, and a \$ 20. 0 billion equity market capitalization would be required to increase the voting power of the Class B Common Stock to 10 votes per share. If FF Top obtains such enhanced voting rights, it would have considerable influence over matters such as decisions regarding mergers, consolidations and the sale of all or substantially all of the assets of FFIE, election of directors and other significant corporate actions. FF Top could take actions that are not in the best interest of FFIE or its other stockholders. This mechanism may discourage, delay or prevent a change in control, which could have the effect of depriving other stockholders of FFIE of the opportunity to receive a premium for their shares as part of a sale of FFIE. Upon the conversion of Class B Common Stock held by FF Top from 10 votes per share to 20 votes per share, Nasdaq may consider FFIE to be a “controlled company” within the meaning of the Nasdaq listing standards and, as a result, FFIE may qualify for exemptions from certain corporate governance requirements. So long as more than 50 % of the voting power for the election of directors of FFIE is held by an individual, a group or another company, FFIE will qualify as a “controlled company” under Nasdaq listing requirements. While FFIE does not currently qualify as a controlled company and has, pursuant to the Amended Shareholder Agreement, agreed not to elect to be treated as a “controlled company” as defined under Nasdaq rules until FFIE has achieved an equity market capitalization of at least \$ 3. 0 billion, after such time as FFIE at the end of any 20 consecutive trading days, has a volume-weighted average total equity market capitalization of at least \$ 3. 0 billion, holders of shares of the Class B Common Stock will be entitled to 20 votes for each such share, which will cause FF Top to own 64. 9 % of the voting control of FFIE and FFIE may qualify as a controlled company. As a controlled company, FFIE would be exempt from certain Nasdaq corporate governance requirements, including those that would otherwise require the Board to have a majority of independent directors and require that FFIE establish a compensation committee comprised entirely of independent directors, or otherwise ensure that the compensation of FFIE’s executive officers and nominees for directors are determined or recommended to the Board by the independent members of the Board. While FFIE does not currently intend to rely on any of these exemptions, the Board of FFIE following the market capitalization event may elect to rely on such exemptions if FFIE is considered a “controlled company,” and to the extent it relies on one or more of these exemptions, holders of FFIE’s capital stock will not have the same protections afforded to stockholders of companies that are subject to all of Nasdaq’s corporate governance requirements. We cannot predict whether FFIE’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 FFIE’s Common Stock may cause stockholder advisory firms to publish negative commentary about FFIE’s corporate governance practices or otherwise seek to cause FFIE to change our capital structure. Any such exclusion from indices or any actions or publications by stockholder advisory firms critical of FFIE’s corporate governance practices or capital structure could adversely affect the value and trading market of our Class A Common Stock. If securities or industry analysts do not publish research or reports about our business or publish negative reports about our business, our 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. FFIE's ability to pay dividends in the future will be subject to its subsidiaries' ability to distribute cash to it. We do not anticipate that the Board will declare dividends for the foreseeable future. If FFIE decides to declare dividends in the future, as a holding company, it will require dividends and other payments from its subsidiaries to meet such cash requirements. In addition, minimum capital requirements may indirectly restrict the amount of dividends paid upstream, and repatriations of cash from FFIE's subsidiaries may be subject to withholding, income and other taxes in various applicable jurisdictions. If FFIE's subsidiaries are unable to distribute cash to it and it is unable to pay dividends, the Class A Common Stock may become less attractive to investors and the price of its shares of Common Stock may become volatile. FFIE 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, FFIE 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 of 2002 or the Sarbanes-Oxley Act, including the requirements of Section 404, to the extent applicable to FFIE, 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, FFIE has created new committees of the Board and adopted new internal controls and disclosure controls and procedures. In addition, expenses associated with SEC reporting requirements will be incurred on a continuous basis. Furthermore, if any issues in complying with those requirements are identified (for example, if FFIE 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." We may 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 FFIE'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. Further, 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 FFIE 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 use may make FFIE's shares of Common Stock less attractive to investors. FFIE 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, FFIE 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, FFIE's stockholders may not have access to certain information they may deem important. FFIE 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 FFIE'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 FFIE's securities less attractive because it will rely on these exemptions. If some investors find FFIE's securities less attractive as a result of its reliance on these exemptions, the trading prices of FFIE's securities may be lower than they otherwise would be, there may be a less active trading market for FFIE's

securities and the trading prices of FFIE'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 FFIE'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 we do not develop and implement all required accounting practices and policies, we may be unable to provide the financial information required of a U. S. publicly traded company in a timely and reliable manner. If we fail to develop and maintain effective internal controls and procedures and disclosure procedures and controls, we may be 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. In addition, any such delays or deficiencies could result in our failure to meet the requirements for listing of our shares of Common Stock on a national securities exchange. On October 31, 2022, we received written notice from Nasdaq that we were not in compliance with the Nasdaq requirement for the bid price for Class A Common Stock to be at least \$ 1. 0 per share (the "Minimum Bid Requirement"). We have until April 29, 2023 for the bid price for Class A Common Stock to close at \$ 1. 0 per share or more for a minimum of 10 consecutive business days. If compliance is not regained by April 29, 2023 (unless Nasdaq exercises its discretion to extend this period), our Class A Common Stock will be subject to a delisting action by Nasdaq. If we are unable to cure the deficiency or regain compliance, the Class A Common Stock will be delisted from Nasdaq. See "—There can be no assurance that FFIE will be able to comply with the continued listing standards of Nasdaq" above for more information. A reverse stock split may allow us to meet the Minimum Bid Requirement. However, we cannot assure you that the reverse stock split will be implemented by our Board or that such reverse stock split, if implemented, will be sufficient to enable us to maintain our Nasdaq listing. However, if a reverse stock split is implemented, there can be no assurance that the market price per new share of our Common Stock after the reverse stock split will remain unchanged or increase in proportion to the reduction in the number of old shares of our Common Stock outstanding before the reverse stock split. The liquidity of the shares of our Common Stock and warrants may be affected adversely by any reverse stock split given the reduced number of shares of our Common Stock that will be outstanding following the reverse stock split, especially if the market price of our Common Stock does not increase as a result of the reverse stock split. Following any reverse stock split, the resulting market price of our Common Stock may not attract new investors and may not satisfy the investing requirements of those investors. Although we believe that a higher market price of our Common Stock may help generate greater or broader investor interest, there can be no assurance that the reverse stock split will result in a share price that will attract new investors, including institutional investors. In addition, there can be no assurance that the market price of our Common Stock will satisfy the investing requirements of those investors. As a result, the trading liquidity of our Common Stock may not necessarily improve.