Risk Factors Comparison 2024-01-17 to 2023-01-13 Form: 10-K

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

Investing in our securities involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Report, including " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and our consolidated financial statements and related notes, as well as the preceding " Business " section of this Report, before engaging in any transaction in our securities. Any of the following risks could materially and adversely affect our business, financial condition, results of operations and / or prospects, and cause the value of our securities to decline, which could cause you to lose all or part of your investment. ~~Summary~~ Risks Related to ~~Mullen' s~~ **our Securities,** Capital Requirements and Financial Condition ~~●~~ We ~~have incurred significant losses since inception and we expect that we will continue to incur losses for the foreseeable future; ● We will require substantial additional financing to effectuate our business plan; ● We have not yet manufactured or sold any production vehicles to customers and may never develop or manufacture any vehicles; ● Our limited operating history makes it difficult for us to evaluate our future business prospects; ● Our auditor has expressed substantial doubt about our ability to continue as a going concern; ● Certain of our lenders and the Internal Revenue Service have liens on our assets; ● We have not paid, and do not plan to pay, cash dividends on our Common Stock, so any return on investment may be limited to the value of our Common Stock; ● Our stockholders are subject to significant dilution upon the occurrence of certain events which could result in a decrease in our stock price. ● Our commitments to issue shares of Common Stock or securities that are convertible into shares of Common Stock may cause significant dilution to stockholders; ● Our commitment to issue shares of Common Stock pursuant to the terms of the Notes, our preferred stock and the Warrants could encourage short sales by third parties which could contribute to the future decline of stock price; ● We may not be able to maintain compliance with continued listing requirements of the NASDAQ Capital Market; ● We may have insufficient authorized and reserved shares. Risks Related to Mullen' s Business and Operations ● Potential acquisitions may disrupt our business and dilute stockholder value; ● We may not be able to develop, manufacture and obtain regulatory approvals for a car of sufficient quality to appeal to customers on schedule or at all; ● Our currently planned vehicles rely on lithium- ion battery cells, which have been observed to catch fire or vent smoke and flame, potentially subjecting us to litigation, recall, and redesign risks; ● The efficiency of a battery' s use will decline over time, which may negatively influence customers' decisions whether to purchase an electric vehicle; ● We rely on our original equipment manufacturers, suppliers and service providers for parts and components, any of whom could choose not to do business with us; ● We will rely on complex machinery for our operations and production, which involve a significant degree of risk and uncertainty in operational performance and costs; ● Complex software and technology systems need to be developed in coordination with vendors and suppliers, and there can be no assurance that such systems will be successfully developed; ● We may experience significant delays in the design, manufacture, regulatory approval, launch and financing of our vehicles, which could harm our business and prospects; ● The inability of our suppliers, including single or limited source suppliers, to deliver components in a timely manner or at acceptable prices or volumes could have a material adverse effect on our business and prospects; ● Financial distress of our suppliers could necessitate that we provide substantial financial support, which could increase our costs, affect our liquidity or cause production disruptions; ● We have a limited operating history and face significant challenges as a new entrant into the automotive industry; ● We have a history of losses and expect to incur significant expenses and continuing losses for the foreseeable future, casting doubt on our ability to continue as a going concern; ● Our business model is untested and we may fail to commercialize our strategic plans; ● Our operating and financial results forecast relies on assumptions and analyses developed by us and may prove to be incorrect; ● We may be unable to accurately estimate the supply and demand for our vehicles; ● Increased costs or disruptions in supply of raw materials or other components could occur; ● Our vehicles may fail to perform as expected; ● Our services may not be generally accepted by our users; ● The automotive market is highly competitive; ● The automotive industry is rapidly evolving and demand for our vehicles may be adversely affected; ● We may be subject to risks associated with autonomous driving technology; ● Our distribution model is different from the predominant current distribution model for auto manufacturers; ● Our future growth is dependent on the demand for and consumers' willingness to adopt electric vehicles; ● Government and economic incentives could become unavailable, reduced or eliminated; ● Our failure to manage our future growth effectively; 21 ● Our failure to establish warranty reserves sufficient to cover future warranty claims; ● We may not succeed in establishing, maintaining and strengthening the Mullen brand; ● Doing business internationally creates operational and financial risks; ● We are highly dependent on the services of David Michery, our Chief Executive Officer; ● Our business may be adversely affected by labor and union activities; ● We face risks related to health epidemics, including the recent COVID- 19 pandemic; ● Reservations for our vehicles are cancellable; ● We may face legal challenges relating to direct sales to customers; ● We face information security and privacy concerns; ● We may be forced to defend ourselves against patent or trademark infringement claims and may be unable to prevent others from unauthorized use of our intellectual property; ● Our patent applications may not issue as patents, the patents may expire, our patent applications may not be granted, and our rights may be contested; ● We may be subject to damages resulting from unintended disclosure of trade secrets; ● Our vehicles are subject to various safety standards and regulations that we may fail to comply with; ● We may be subject to product liability claims; ● We are, or may be subject to, anti- corruption, bribery, money laundering, and financial and economic laws; ● Risk of failure to improve our operational and financial systems to support expected growth; ● Risk of failure to build our financial infrastructure and improve our accounting systems and controls; ● The concentrated voting control of David Michery, Mullen' s founder; potential conflicts of interest; ● The priority of our debt over our Common Stock in the~~

~~event of liquidation, dissolution or winding up; ● The number of shares of Common Stock underlying our outstanding warrants and Preferred Stock is significant in relation to our currently outstanding Common Stock; and ● The dearth of analyst coverage on Mullen. Risk FactorsRisks Related to our Capital Requirements and Financial ConditionWe~~ have incurred significant losses since inception and we expect that we will continue to incur losses for the foreseeable future, which makes it difficult to assess our future viability. We have not been profitable since operations commenced, and we may never achieve or sustain profitability. In addition, we have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields such as the ~~electric vehicle ("~~ EV ~~")~~ industry. Development and deployment of EV technology and vehicles is a highly speculative undertaking and involves a substantial degree of risk. We have not yet commercialized any of our proposed EV products or generated any revenue from sales of such products. We have devoted significant resources to research and development and other expenses related to our ongoing operations. We will require significant additional capital to continue operations and to execute current business strategy. Mullen cannot estimate with reasonable certainty the actual amounts necessary to successfully complete the development and commercialization of our proposed products and there is no certainty that we will be able to raise the necessary capital on reasonable terms or at all. We will require substantial additional financing to effectuate our business plan, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our product development efforts or other operations. For the years ended September 30, **2023 and** 2022 ~~, and 2021~~ , we incurred net losses of $ ~~154~~ **1, 006** . 7 million and $ ~~44~~ **740** . ~~2~~ **3** million, respectively, and net cash used in operating activities was $ ~~63~~ **179** . ~~1~~ **2** million and $ ~~17~~ **65** . ~~5~~ **8** million, respectively. As of September 30, ~~2022~~ **2023** , we had an accumulated deficit of $ ~~305.~~ 1 **, 862. 2** million. We will need significant capital to, among other things, conduct research and development, increase our production capacity, and expand our sales and service network. ~~22We~~ **We** expect to continue to incur substantial operating losses for the next several years as we advance our product development and commercialization efforts. No substantial revenue from operations will likely be available until, and unless, such efforts are successful. We expect our capital expenditures to continue to be significant in the foreseeable future as we expand our business, and that once our cars are in production our level of capital expenditures will be significantly affected by user demand for our products and services. The fact that we have a limited operating history means we have limited historical data on the demand for our products and services. As a result, our future capital requirements may be uncertain and actual capital requirements may be different from those we currently anticipate. We will likely need to seek equity or debt financing to finance a portion of our capital expenditures. Such financing might not be available to us in a timely manner, or on terms that are acceptable to us, or at all. Our ability to obtain the necessary financing to carry out our business plan is subject to a number of factors, including general market conditions and investor acceptance of our business plan. These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to us. In particular, recent disruptions in the financial markets and volatile economic conditions could affect our ability to raise capital. If we raise additional capital through marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish certain valuable rights to our product candidates, technologies, future revenue streams or research programs or grant licenses on terms that may not be favorable. If we raise additional capital through public or private equity offerings, the ownership interest of our stockholders will be diluted, and the terms of any new equity securities may have preferential rights over our ~~Common~~ **common** ~~Stock~~ **stock** and further may restrict our ability to obtain additional financing even if needed to continue operations. Further, the ability to fund our needs through equity issuances, warrants or convertible debt is or may be limited by covenants in certain of our existing and future funding or other agreements. If we raise additional capital through debt financing, we would have increased debt service obligations and may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt or making capital expenditures, or subject to specified financial ratios, any of which could restrict our ability to develop and commercialize our product candidates or operate as a business. Additional capital may not be available when we need it, on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate our establishment of sales and marketing, manufacturing or distribution capabilities, development activities or other activities that may be necessary to commercialize our proposed products or other development activities. We might not be able to obtain any funding, and we might not have sufficient resources to conduct our business as projected, both of which could mean that we would be forced to curtail or discontinue our operations. We **had a limited operating history and** have not yet manufactured or sold ~~any production~~ **significant number of** vehicles to customers **. Many of our products are still on the development stage** and **we** may never ~~develop or manufacture any~~ **be able to mass- produce them. We were originally formed on April 20, 2010, went public in November 2021 and have a limited operating history in the automobile industry, which is continuously evolving, and has generated minimal revenue to date. Our** vehicles **are in the development stage and significant deliveries of certain models started only in December 2023** . We have ~~no~~ **limited** experience ~~as~~ **21as** an organization in high **-** volume manufacturing of the planned electric **commercial** vehicles ~~and~~ **. In addition, as a result of our limited operating history, as well as the limited financing** we **have received, our management concluded that there was substantial doubt about our ability to continue as a going concern. As we attempt to transition from research and development activities to commercial production and sales, it is difficult, if not impossible, to forecast our future results, and we have limited insight into trends that may emerge and affect our business. The estimated costs and timelines that we have developed to reach full- scale commercial production are subject to inherent risks and uncertainties involved in the transition from a start- up company focused on research and development activities to the large- scale manufacture and sale of vehicles. There can be no assurance that our estimates related to the costs and timing necessary to complete the design and engineering of our EVs and tool our facilities will prove accurate. These are complex processes that may be subject to delays, cost overruns and other unforeseen issues. For example, the tooling required within our facilities may be more expensive to produce than predicted, or have a shorter lifespan, resulting in**

additional replacement and maintenance costs, which could have a material adverse impact on our results of operations and financial condition. Similarly, we may experience higher raw material waste in the composite process than we expect, resulting in higher operating costs and hampering our ability to be profitable. We cannot assure you that ~~us~~ **we** or our partners will be able to develop efficient, automated, cost- efficient manufacturing capability and processes, and reliable sources of component supplies that will enable us to meet the quality, price, engineering, design and production standards, as well as the production volumes, required to successfully mass market ~~our EVs~~ **its electric commercial vehicles** . ~~Even~~ **Until such time as, and** if **, we obtain rights to a manufacturing site with sufficient manufacturing capability and process to meet our current business plan,** we are ~~able~~ **unable** to **manufacture** ~~successfully develop and sell or lease our~~ vehicles **in sufficient quantities required** ~~, there can be no assurance that we will be commercially successful and achieve or~~ **for** ~~sustain profitability~~ **entrance into the marketplace** . ~~As~~ **You should consider our business and prospects in light of the risks and significant challenges it faces as** a new entrant into ~~our~~ **its** industry ~~, we will face significant risks and challenges to our business and prospects~~ , including, among other things, with respect to ~~our~~ **its** ability to: ~~•~~ **•** design and produce safe, reliable and quality vehicles on an ongoing basis; ~~•~~ **•** obtain the necessary regulatory approvals in a timely manner; ~~•~~ **•** build a well- recognized and respected brand; ~~•~~ **•** establish and expand ~~our~~ **its** customer base; **•** ~~23 •~~ successfully market **not just** our vehicles ~~and~~ **but also** the other services ~~we~~ **it** ~~intend~~ **intends** to **or may** provide; ~~•~~ **•** properly price our services, including our charging solutions, financing and lease options, and successfully anticipate the take- rate and usage of such services by users; ~~•~~ **•** successfully service ~~our~~ **its** vehicles after sales and maintain a good flow of spare parts and customer goodwill; ~~• establish~~ **• improve** and maintain ~~our~~ **its** operational efficiency; ~~•~~ **• execute and maintain a reliable, secure, high- performance and scalable technology infrastructure; •** predict ~~our~~ **its** future revenues and appropriately budget for ~~our~~ **its** expenses; ~~•~~ **•** attract, retain and motivate talented employees; ~~•~~ **•** anticipate trends that may emerge and affect ~~our~~ **its** business; **•** ~~and •~~ anticipate and adapt to changing market conditions, including technological developments and changes in ~~the~~ competitive landscape **; and • navigate an evolving and complex regulatory environment** . If we fail to adequately address any or all of these risks and challenges, ~~our~~ **its** business may be materially and adversely affected. **In addition** ~~Our limited operating history makes it difficult for us to evaluate our future business prospects. As we attempt to transition from research and development activities to commercial production and sales~~ , ~~it is difficult, if not impossible, to forecast our future results, and we have limited insight into trends that may emerge and affect our business. The estimated costs and timelines that we have developed to reach full scale commercial production are subject to inherent risks and uncertainties involved in the transition from a start- up company focused on research and development activities to the large- scale manufacture and sale of vehicles. There~~ **there** can be no assurance that **fleet customers** ~~our estimates related to the costs and timing necessary to complete the design and engineering of our EVs and tool our facilities~~ will **embrace** ~~prove accurate. These are complex processes that may be subject to delays, cost overruns and other unforeseen issues. For example, the tooling required within our facilities may be more expensive to produce than predicted, or~~ **our products** ~~have a shorter lifespan, resulting~~ in **significant numbers** ~~additional replacement and maintenance costs, which could have a material adverse impact on our results of operations and financial condition~~ . ~~Similarly, we may experience higher raw material waste in the composite process than we expect, resulting in higher operating costs and hampering our ability to be profitable. In addition, market~~ **Market** conditions, many of which are outside of our control and subject to change, including general economic conditions, the availability and terms of financing, the impacts and ongoing uncertainties created by the COVID- 19 pandemic, fuel and energy prices, regulatory requirements and incentives, competition and the pace and extent of vehicle electrification generally, will impact demand for our electric **commercial** vehicles, and ultimately our success. There is substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to raise additional debt or equity financings or enter strategic partnerships. Since our inception, we have financed our operations through convertible debt and preferred ~~stock~~ **22stock** financings. We intend to continue to finance our operations through debt or equity financing and / or strategic partnerships. The failure to obtain sufficient financing or strategic partnerships could adversely affect our ability to achieve our business objectives and continue as a going concern. ~~24Our senior lender has a security interest~~ **We incurred non- cash impairment charges during 2023 which adversely affected our year fiscal 2023 operating results and we may be required to incur additional future impairment and other charges, which could adversely affect our operating results. In connection with our acquisitions and other business combinations, including our acquisition of Bollinger Motors, applicable accounting standards require the net tangible and intangible assets of the acquired business to be recorded** on ~~all~~ our **consolidated balance sheet at their fair values as of the date of acquisition and any excess in the purchase price paid by us over the fair value of net tangible and intangible** assets ~~and the Internal Revenue Service~~ **of any acquired business to be recorded** ~~has~~ **as goodwill. Goodwill and indefinite- lived intangible assets are not amortized, but are tested at least annually for impairment or more frequently as events and circumstances dictate. Goodwill is tested for impairment at the reporting unit level, which is generally an operating segment or underlying business component. Indefinite- lived intangible assets are tested for impairment at the individual indefinite- lived intangible asset or asset group level, as appropriate. Finite- lived intangible assets other than goodwill considered long- lived assets for impairment testing purposes, are tested for impairment as events and circumstances dictate, and are required to be amortized over their estimated useful** ~~liens~~ **lives and this amortization expense may be significant to our ongoing financial results. If we determine that the anticipated future cash flows from our reporting units, indefinite- lived intangible assets or asset groups, or long- lived asset groups may be less than their respective carrying values, our goodwill, indefinite- lived intangible assets, and / or long- lived assets may be deemed to be impaired. If this occurs, applicable accounting rules may require us to write down the value of the goodwill, indefinite- lived intangible assets, and / or long- lived assets** on our **balance sheet to reflect the extent of any such impairment. Any such write- down of goodwill, indefinite- lived intangible** assets, and ~~if~~ **/ or long- lived assets would generally be recognized as a non- cash expense in our Consolidated Statements of Earnings for the accounting period**

during which any such write down occurs. For example, for the fiscal year ended September 30, 2023, we incurred non-cash write- downs of certain assets. We recorded $ 64. 0 million of Bollinger goodwill impairment for twelve months ended September 30, 2023, primarily due to unfavorable market conditions and the decline of market price of our common stock. We also recorded $ 14. 8 million write- downs of property, plant and equipment and other non- current assets and we recorded $ 5. 9 million in intangible asset write- downs due to unfavorable market conditions and decline of the market price of our common stock. Our financial results may vary significantly from period to period due to fluctuations in our operating costs and other factors. We expect our period- to- period financial results to vary based on our operating costs, which we anticipate will fluctuate as the pace at which we continue to design, develop and manufacture new products and increase production capacity by expanding our current manufacturing facilities and adding future facilities, may not be consistent or linear between periods. Additionally, our revenues from period to period may fluctuate as we introduce existing products to new markets for the first time and as we develop and introduce new products. As a result of these **factors** ~~lienholders foreclose~~ , **we believe** that **quarter-** ~~would be detrimental~~ to ~~our business,~~ **- quarter comparisons of** our financial ~~condition~~ **results, especially in the short term, are not necessarily meaningful** and ~~our ability to continue~~ **that these comparisons cannot be relied upon** as ~~a going concern~~ **indicators of future performance** . ~~Our senior lender has a security interest~~ **Moreover, our financial results may not meet expectations of equity research analysts, ratings agencies or investors, who may be focused only** on **short- term quarterly financial results. If any of this occurs, the trading price of our stock could** ~~all~~ **fall substantially** ~~of our assets. In addition~~ , ~~we have liabilities of $ 1. 7 million due to the Internal Revenue Service (the " IRS "). We are in default on such loan. Should~~ either **suddenly** ~~our~~ - **or over time** ~~senior lender or the IRS foreclose, each could secure judgments against our assets. This would be materially detrimental to our business, our financial condition and our ability to operate as a going concern~~ . We have not paid cash dividends on our ~~Common~~ **common** ~~Stock~~ **stock** in the past and do not expect to pay dividends on our ~~Common~~ **common** ~~Stock~~ **stock** in the future. Any return on investment may be limited to the value of our ~~Common~~ **common** ~~Stock~~ **stock** . We have never paid cash dividends on our ~~Common~~ **common** ~~Stock~~ **stock** and do not anticipate paying cash dividends in the near future. **We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future.** The payment of dividends on our ~~Common~~ **common** ~~Stock~~ **stock** will depend on earnings, financial condition **, cash requirements, contractual restrictions, business prospects** and other business and economic factors affecting us at such time as the Board of Directors may consider relevant. If we do not pay dividends, ~~our~~ **23our** ~~Common~~ **common** ~~Stock~~ **stock** may be less valuable because a return on your investment will only occur if our stock price appreciates **. Consequently, investors may need to rely on sales of their shares after price appreciation, which may never occur, as the only way to realize any future gains on their investment** . We may not be able to maintain compliance with the continued listing requirements of the NASDAQ Capital Markets. Our common stock is listed on the Nasdaq Capital Markets. To maintain that listing, we must satisfy minimum financial and other requirements including, without limitation, a requirement that our closing bid price be at least $ 1. 00 per share. On September 7, 2022, we were notified by NASDAQ Listing Qualifications Staff about bid price deficiency. ~~The Board and Management~~ **During the year ended September 30, 2023, upon approval by the Company' s stockholders, we have completed several reverse stock splits in order to maintain compliance with NASDAQ listing rules. In May 2023, we completed a 1- for- 25 reverse split of our outstanding shares of common stock. In August 2023, we completed a 1- for- 9 reverse split of our outstanding shares of common stock. On September 7, 2022, the Company received a letter (the " Deficiency Notice ") from the Nasdaq Listing Qualifications staff (" Staff ") notifying the Company that the bid price of the Company' s common stock had closed below $ 1. 00 per** ~~are~~ **share** ~~reviewing plans~~ **for 30 consecutive business days and, as a result, the Company is not in compliance with Nasdaq Listing Rule 5550 (a) (2), which sets forth the minimum bid price requirement for continued listing on the Nasdaq Capital Market (the " Bid Price Rule "). Pursuant to Nasdaq Listing Rule 5810 (c) (3) (A), the Company had 180 calendar days** to regain compliance with the **Bid** ~~$ 1. 00 closing bid price~~ **Price** ~~requirement~~ **Rule (the " Minimum Bid Price Rule Compliance Period ") and, on March 7, 2023, the Staff provided an extension of 180 days, or until September 5, 2023** . ~~If~~ **On September 6, 2023,** the Company ~~does~~ **received another letter from the Staff indicating that the Company did** not **meet the Staff' s September 5, 2023 deadline to** regain compliance with the **Bid Price Rule due to the Company' s failure to maintain a minimum** bid price ~~requirement~~ **of $ 1. 00. On September 6, 2023, the Company requested a hearing (the " Hearing ") before the Nasdaq Listing Qualifications Panel (" Panel ") to request a further extension of time and present its plan to regain compliance with the Bid Price Rule. The requested Hearing stayed any delisting or suspension action pending the issuance of the Panel decision and the expiration of any additional extension period granted** by ~~March 6~~ **the Panel following the Hearing. The request for a hearing was granted and held on October 19** , 2023 **. On October 25** , **2023, the Nasdaq Hearing Panel granted** the Company ~~may be eligible for~~ an ~~additional 180-calendar day~~ **extension until January 22, 2024, to demonstrate** compliance **with** ~~period so long as it satisfies the criteria for initial listing~~ **Listing** ~~on the Nasdaq Capital Market and the~~ **Rule 5550 (a) (2) to allow** continued listing requirement ~~for market value~~ of ~~publicly held shares and the Company provides written notice to Nasdaq of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary. If we fail to continue to meet all applicable continued listing requirements for~~ The Nasdaq Capital Market ~~in the future and~~ **. Furthermore, while** Nasdaq **rules do not impose a specific limit on the number of times a listed company may effect a reverse stock split to maintain or regain compliance with the Bid Price Rule, Nasdaq has stated that a series of reverse stock splits may undermine investor confidence in securities listed on Nasdaq. Accordingly, Nasdaq may** ~~determines~~ - **determine that it is not in the public interest** to ~~delist~~ **maintain our listing, even if we regain compliance with the Bid Price Rule as a result of the reverse stock split. In addition, Nasdaq Listing Rule 5810 (c) (3) (A) (iv) states that any listed company that fails to meet the Bid Price Rule after effecting one** ~~our~~ - **or more reverse stock splits over the prior two- year period with a cumulative ratio of 250**

shares or more to one, then the company is not eligible for a Minimum Bid Price Rule Compliance Period. As a result, since the Company had effected an one- for- twenty- five (1- for- 25) reverse stock split of its common stock on May 4 , ~~the delisting could adversely affect the market liquidity~~ 2023, an one- for- nine (1- for- 9) reverse stock split of ~~our~~ its common stock on August 11 , 2023 and another one- for- one hundred (1- for- 100) reverse stock split of its common stock on December 21, 2023, if we subsequently fail to satisfy the Bid Price Rule, Nasdaq will begin the process of delisting our common stock without providing a Minimum Bid Price Rule Compliance Period. However, the Company is still eligible to request a hearing before the Nasdaq Panel to present its plan for regaining and sustaining compliance with the Bid Price Rule. If our common stock cease to be listed for trading on the Nasdaq Capital Market, we would expect that our common stock would be traded on one of the three tiered marketplaces of the OTC Markets Group. If Nasdaq were to delist our common stock, it would be more difficult for our stockholders to dispose of our common stock ~~our~~ - or warrants and more difficult to obtain accurate price quotations on our common stock. Our ability to ~~obtain~~ issue additional securities for financing or other purposes, or otherwise to arrange for any financing we may need in the future, may also be materially and adversely affected if our common stock or warrants are not listed on a national securities exchange. The OTC Markets (the " OTC 24Mkts ") are generally regarded as a less efficient trading market than the NASDAQ Capital or Global Markets or the New York Stock Exchange. Although the OTC Mkts do not have any listing requirements, to be eligible for quotation on the OTC Mkts, issuers must remain current in their filings with the SEC or applicable regulatory authority. If we are not able to ~~repay~~ -- pay the expenses associated with our reporting obligations, we will not be able to apply for quotation on the OTC Board. Market makers are not permitted to begin quotation of a security whose issuer does not meet this filing requirement. If we are delisted to the OTC Mkts and no market is ever developed for our common stock or warrants, it will be difficult for you to sell any shares you purchase in this offering. In such a case, you may find that you are unable to achieve any benefit from your investment or liquidate your shares without considerable delay, if at all. A reverse stock split may decrease the liquidity of the shares of our common stock and may have a dilutive effect on the ownership of existing stockholders. The liquidity of the shares of our common stock may be affected adversely by a reverse stock split given the reduced number of shares 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. In addition, a reverse stock split may increase the number of shareholders who own odd lots (less than 100 shares) of our common stock, creating the potential for such shareholders to experience an increase in the cost of selling their shares and greater difficulty effecting such sales. While we expect that the reduction in the number of outstanding shares of common stock will proportionally increase the market price of our common stock, we cannot assure you that a reverse stock split will increase the market price of our common stock by a multiple of the reverse stock split ratio, or result in any permanent or sustained increase in the market price of our common stock. The market price of our common stock will continue to be based, in part, on our performance and other factors unrelated to the number of shares outstanding. A reverse stock split will reduce the number of outstanding shares of our common stock without reducing the number of shares of available but unissued common stock, which will also have the effect of increasing the number of shares of common stock available for issuance. The issuance of additional shares of our common stock may have a dilutive effect on the ownership of existing stockholders. The current economic environment in which we operate, the debt we carry, along with otherwise volatile equity market conditions, could limit our ability to raise new equity capital in the future. In addition, a reverse stock split will reduce the total number of outstanding shares of common stock, which may lead to reduced trading and a smaller number of market makers for our common stock, particularly if the price per share of our common stock does not increase as a result of a reverse stock split. Following a reverse stock split, the resulting market price of our common stock may not attract new investors, including institutional investors, and may not satisfy the investing requirements of those investors. Consequently, the trading liquidity of our common stock may not improve. 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 a 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. Our common stock may be subject to the " penny stock " rules in the future. It may be more difficult to resell securities classified as " penny stock. " Our common stock may be subject to " penny stock " rules (generally defined as non- exchange traded stock with a per- share price below $ 5. 00) in the future. While our common stock is currently not considered " penny stock " since they are listed on the NasdaqCM, if we are unable to maintain that listing and our common stock are no longer listed on the NasdaqCM, unless we maintain a per- share price above $ 5. 00, our common stock will become " penny stock. " These rules impose additional sales practice requirements on broker- dealers that recommend the purchase or sale of penny stocks to persons other than those who qualify as " established customers " or " accredited investors. " For example, broker- dealers 25must determine the appropriateness for non- qualifying persons of investments in penny stocks. Broker- dealers must also provide, prior to a transaction in a penny stock not otherwise exempt from the rules, a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker- dealer also must provide the customer with current bid and offer quotations for the penny stock, disclose the compensation of the broker- dealer and its salesperson in the transaction, furnish monthly account statements showing the market value of each penny stock held in the customer' s account, provide a special written determination that the penny stock is a suitable investment for the purchaser, and receive the purchaser' s written agreement to the transaction. Legal remedies available to ~~and~~ - an investor in " penny stocks " may include the following: • If a " penny stock " is sold to the investor in violation of the requirements listed above, or other federal or states securities laws, the investor may be able to cancel the purchase and

receive a ~~fund~~ **refund of the investment. • If a “ penny stock ” is sold to the investor in a fraudulent manner, the investor may be able to sue the persons and firms that committed the fraud for damages. • If a “ penny stock ” is sold to the investor in violation of the requirements listed above, or other federal or states securities laws, the investor may be able to cancel the purchase and receive a refund of the investment. • If a “ penny stock ” is sold to the investor in a fraudulent manner, the investor may be able to sue the persons and firms that committed the fraud for damages. • If a “ penny stock ” is sold to the investor in violation of the requirements listed above, or other federal or states securities laws, the investor may be able to cancel the purchase and receive a refund of the investment. • If a “ penny stock ” is sold to the investor in a fraudulent manner, the investor may be able to sue the persons and firms that committed the fraud for damages. • If a “ penny stock ” is sold to the investor in violation of the requirements listed above, or other federal or states securities laws, the investor may be able to cancel the purchase and receive a refund of the investment. • If a “ penny stock ” is sold to the investor in a fraudulent manner, the investor may be able to sue the persons and firms that committed the fraud for damages. These requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security that becomes subject to the penny stock rules. The additional burdens imposed upon broker-dealers by such requirements may discourage broker- dealers from effecting transactions in our securities, which could severely limit the market price and liquidity of our securities. These requirements may restrict the ability of broker-dealers to sell our common stock or our warrants and may affect** ~~our~~ **your** ~~operations~~ **ability to resell our common stock. Many brokerage firms will discourage or refrain from recommending investments in penny stocks. Most institutional investors will not invest in penny stocks. In addition, many individual investors will not invest in penny stocks due, among other reasons, to the increased financial risk generally associated with these investments. For these reasons, penny stocks may have a limited market and, consequently, limited liquidity. We can give no assurance at what time, if ever, our common stock or our warrants will not be classified as a “ penny stock ” in the future** . Our commitments to issue shares of ~~Common~~ **common** ~~Stock~~ **stock** or securities that are convertible into shares of ~~Common~~ **common** ~~Stock~~ **stock** may cause significant dilution to stockholders. ~~Pursuant~~ **As part of the consideration** to ~~Amendment No~~ **investors on investments made in June 2023, we have issued warrants that provide for a variable number of shares of common stock upon cashless exercise** . **As disclosed further in the notes to the consolidated financial statements, as at September 30, 2023, the remaining 382, 436 Preferred D warrants (recognized as liability in the consolidated balance sheets) were exercisable into 1, 438, 009 shares of common stock and their exercise (on a cash or cashless basis) is available to investors for a period of approximately 5 years. The number of shares of common stock to be issued upon exercise of these warrants will increase correspondingly to decrease of market price of the shares of common stock (and decrease correspondingly to increase of market price of the shares of common stock). The Company has also adopted the CEO Award Incentive Plan 2022, approved by the Board and by stockholders in 2022, and the CEO Award Incentive Plan 2023, approved by the Board and by stockholders in 2023. Under these plans, the Chief Executive Officer is entitled to share- based awards generally calculated as 1-** 3 ~~,~~ **% of** ~~the~~ **then outstanding number** ~~investors paid $ 150 million and in lieu~~ of ~~receiving~~ shares of **common** ~~Series D Preferred Stock~~ **stock** ~~and Warrants~~ , **issuable upon achievement of specific financial and operational targets (milestones) that are 26supposed to significantly increase value of** the ~~investors received~~ **Company. Total shares of common stock to be issued under** the ~~Notes, which~~ **Plans will depend on probability of the milestone achievement and on the number of shares of common stock** outstanding ~~principal and accrued but unpaid interest~~ on the **day a milestone is achieved. See further details in the item 11 and in the** ~~Notes~~ **notes to the financial statements** ~~convert into shares of Common Stock~~ . The ~~conversion price per share of Common Stock is equal to the lower of (i) $ 0. 303, the closing price of the Common Stock on Nasdaq on November 14, 2022, and (ii) (A) if mandatorily converted on November 21, 2022, the closing price of the Common Stock on Nasdaq on November 18, 2022 or (B) if converted after January 3, 2022, the closing price of the Common Stock on Nasdaq on January 3, 2022, both (A) and (B) being subject to a floor price of $ 0. 10 per share. For no additional consideration, for every share of Common Stock issued to a holder upon conversion of a Note, the holder shall receive Warrants exercisable for 185 % of the Common Stock at an exercise price equal to the conversion price applicable at the time of conversion of such Note, subject to further adjustment as provided in the Warrant. Amendment No. 3 further provides that the remaining $ 90 million of the Commitment Amount shall be paid in two tranches, on January 24, 2023, and February 24, 2023. The purchase price per share of Series D Preferred Stock will be the lower of (i) $ 1. 27, the closing price of the Company' s stock on the date the Securities Purchase Agreement was executed, or (ii) the closing price of the Common Stock on the trading day immediately preceding the respective Purchase Date, subject to a floor price of $ 0. 10 per share. For no additional consideration, for every share of Series D Preferred Stock purchased, such investor shall receive Warrants exercisable for 185 % shares of Series D Preferred Stock purchased by the investors at an exercise price equal to the purchase price for shares of Series D Preferred Stock. 25Finally, Amendment No. 3 further provides that from April 1, 2023 until June 30, 2023, the investors shall have the right, but not the obligation, at any time from time to time, in each investors sole and absolute discretion to purchase~~ additional shares **issued upon exercise** of ~~Series D Preferred Stock from the~~ **these warrants** ~~Company in an~~ **and upon achieving** ~~amount equal to such investor' s pro rata portion of $ 100, 000, 000 on~~ the **milestones** ~~same terms and conditions as applicable to the purchase and sale of shares of Series D Preferred Stock as provided~~ under ~~the~~ **these Incentive Plans will significantly** ~~Securities Purchase Agreement, including that each investor exercising such right shall receive a proportional amount of Warrants exercisable for 110 % of shares of Series D Preferred Stock purchased by the investors at an exercise price equal to the purchase price for shares of Series D Preferred Stock. Implementation of Amendment No. 3 would cause issuance of additional shares Common Stock or issuance of shares Common Stock upon the conversion of shares of Series D Preferred Stock and Warrants, which in turn would~~ dilute the percentage ownership interest of holders of our ~~Common~~ **common** ~~Stock~~ **stock** , dilute the book value per share of our ~~Common~~ **common** ~~Stock~~ **stock** and increase the number of our publicly traded shares, which ~~could~~ **will** depress the market price of our ~~Common~~ **common** ~~Stock~~ **stock . After the**

balance sheet date and until January 15, 2023, the Company has issued 3, 012, 986 shares of common stock, mainly upon exercise of 279, 404 Preferred D Warrants (see Note 8) and issuance of shares under the stock- based compensation plan . Our commitment to issue shares of ~~Common~~ **common** ~~Stock~~ **stock** pursuant to the terms of ~~the Notes,~~ our Preferred Stock **,** and the Warrants **, and stock- based compensation arrangements** could encourage short sales by third parties which could contribute to the future decline of stock price. Our commitment to issue shares of ~~Common~~ **common** ~~Stock~~ **stock** pursuant to the terms of ~~the Notes, our~~ Preferred Stock **,** and the Warrants **, and stock- based compensation arrangements** has the potential to cause significant downward pressure on the price of our ~~Common~~ **common** ~~Stock~~ **stock** . In such an environment, short sellers may exacerbate any decline of our stock price. If there are significant short sales of our ~~Common~~ **common** ~~Stock~~ **stock** , the share price of our ~~Common~~ **common** ~~Stock~~ **stock** may decline more than it would in an environment without such activity. This may cause other holders of our ~~Common~~ **common** ~~Stock~~ **stock** to sell their shares. If there are many more shares of our ~~Common~~ **common** ~~Stock~~ **stock** on the market for sale than the market will absorb, the price of our **shares of** common ~~shares~~ **stock** will likely decline. Our investors may participate in short sales of our ~~Common~~ **common** ~~Stock~~ **stock** . They may enter into hedging transactions with broker- dealers, which may in turn engage in short sales of the shares of ~~Common~~ **common** ~~Stock~~ **stock** in the course of hedging in positions they assume. Our investors may also sell shares of ~~Common~~ **common** ~~Stock~~ **stock** short and deliver shares of ~~Common~~ **common** ~~Stock~~ **stock** covered by their investments to close out short positions and to return borrowed shares in connection with such short sales. Our investors may also loan or pledge shares of ~~Common~~ **common** ~~Stock~~ **stock** to broker- dealers that in turn may sell such shares. Such activity could cause a decline in the market price of the shares of our ~~Common~~ **common** ~~Stock~~ **stock** . ~~Our~~ **Substantial blocks of our total outstanding shares may be sold into the market. If there are substantial sales or issuances of shares of our common stock, the price of our common stock could decline. The price of our common stock could decline if there are substantial sales or issuances of shares of our common stock, particularly sales by significant** stockholders **or if there is a large number of shares of our common stock available for sale. As of January 16, 2023, we had outstanding 5, 884, 693 shares of common stock. Although common stock held by directors, executive officers and other affiliates** are subject to **volume limitations under Rule 144 under the Securities Act, and various vesting agreements, the market price of the shares of our common stock could decline as a result of the sale of a substantial number of our shares of common stock in the public market or the perception in the market that our** significant **stockholders** ~~dilution upon the occurrence of certain events which could result in a decrease in our~~ - **or the holders of a large number of such shares of common** stock **intend to sell their** ~~price. As of January 6, 2023, we had outstanding 1, 693, 663, 180~~ shares ~~of Common Stock~~ . As of that same date, we also had outstanding **648** ~~1, 925~~ shares of Series A Preferred Stock convertible into an aggregate of **3** ~~192, 500~~ shares of ~~Common~~ **common** ~~Stock~~ **stock** , 1, 211, 757 shares of Series C Preferred Stock convertible into an aggregate of **54** ~~1, 211, 757~~ shares of ~~Common~~ **common** ~~Stock~~ **stock** and 363, 097 shares of Series D Preferred Stock convertible into an aggregate of **17** ~~363, 097~~ shares of ~~Common~~ **common** ~~Stock~~ **stock** ~~. The issuance of shares of Common Stock upon the conversion of such shares of Preferred Stock would dilute the percentage ownership interest of holders of our Common Stock, dilute the book value per share of our Common Stock and increase the number of our publicly traded shares, which could depress the market price of our Common Stock~~ . In addition, the shares of Series D Preferred Stock contain weighted average anti- dilution provisions which, subject to limited exceptions, would increase the number of shares issuable upon conversion of such preferred stock (by reducing the conversion price of the Series D Preferred Stock) in the event that we in the future issue ~~Common~~ **common** ~~Stock~~ **stock** , or securities convertible into or exercisable to purchase ~~Common~~ **common** ~~Stock~~ **stock** , at a price per share lower than the conversion price then in effect.

27The issuance of shares of common stock upon the conversion of such shares of Preferred Stock would dilute the percentage ownership interest of holders of our common stock, dilute the book value per share of our common stock and increase the number of our publicly traded shares, which could depress the market price of our common stock. Furthermore, issuances of shares of our common stock pursuant to the equity and financing agreements that we may continue to utilize or enter into will continue to dilute the percentage ownership of our stockholders and may dilute the market price, the per share projected earnings (if any) or book value of our common stock. Sales of a substantial number of shares of our common stock in the public market or other issuances of shares of our common stock, or the perception that these sales or issuances could occur, could cause the market price of our common stock to decline and may make it more difficult for you to sell your shares at a time and price that you deem appropriateOur stock price has been volatile, and the market price of our common stock may drop below the price you pay. Securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, has subjected the market price of our shares to wide price fluctuations regardless of our operating performance. The market price of our common stock may fluctuate significantly in response to a number of factors, many of which we cannot control, including those described under " Risks Related to Our Business and Operations " and the following: • changes in financial estimates by any securities analysts who follow our common stock, our failure to meet these estimates or failure of those analysts to initiate or maintain coverage of our common stock; • downgrades by any securities analysts who follow our common stock or publications of these analysts of inaccurate or unfavorable research about our business; • future sales of our common stock by our officers, directors and significant stockholders; • market conditions or trends in our industry or the economy as a whole; • investors' perceptions of our prospects; • announcements by us of significant contracts, acquisitions, joint ventures or capital commitments; and • changes in key personnel. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the Company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation. Stockholder equity interest may be

substantially diluted in any additional equity issuances. We **expect that significant additional capital will be needed in the future to continue our planned operations. To the extent we raise additional capital by issuing equity securities, our stockholders** may ~~have insufficient authorized~~ **experience substantial dilution. We may sell common stock, convertible securities or other equity securities in one or more transactions at prices** and ~~reserved~~ **in a manner we determine from time to time. If we sell common stock, convertible securities or other equity securities in more than one transaction, investors may be materially diluted by subsequent sales. These sales may also result in material dilution to our existing stockholders, and new investors could gain rights superior to our existing stockholders. We may issue additional** shares **of common stock, including under our equity incentive plan** . ~~If at~~ **Any such issuances would dilute the interest of our stockholders and likely present other risks. We may issue a substantial number of additional shares of common stock, including under our equity incentive plan. Any such issuances of additional shares of common stock: • may significantly dilute the equity interests of our investors; • could cause a change in 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 ~~time~~ **, and could result in** ~~there~~ -- **the** ~~are warrants, preferred~~ **resignation or removal of our present officers and directors; and 28 • may adversely affect prevailing market prices for our common** stock ~~and convertible notes~~ **. Our Certificate of Incorporation designates specific courts as the exclusive forum for certain stockholder litigation matters, which could limit the ability of our stockholders to obtain a favorable forum for disputes with us or our directors, officers or employees. Our Certificate of Incorporation requires, to the fullest extent permitted by law,** that ~~remain outstanding~~ **derivative actions brought in our name** , ~~and~~ **actions against current or former directors, officers or** ~~the~~ **other** ~~Company~~ **employees for breach of fiduciary duty, other similar actions, any other action as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware and any action or proceeding concerning the validity of our Certificate of Incorporation or our Bylaws may be brought only in the Court of Chancery in the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware** does not have ~~a sufficient number~~ **subject matter jurisdiction thereof, any state court located in the State** of ~~authorized~~ **Delaware or, if** and ~~unreserved shares of Common Stock to satisfy its obligation to reserve~~ **only if all such state courts lack subject matter jurisdiction, the federal district court** for ~~issuance~~ the ~~Required Reserve Amount (~~ **District of Delaware), unless we consent in writing to the selection of** an ~~" Authorized Share Failure "),~~ **alternative forum. This provision would not apply to suits brought to enforce a duty or liability created by** ~~then~~ - **the Exchange Act or any** ~~the~~ **other** ~~Company~~ **claim for which the federal courts have exclusive jurisdiction. Our Certificate of Incorporation also provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the U. S.** shall ~~promptly take all~~ **be the exclusive forum for the resolution of any complaint asserting a cause of** action **arising under** ~~reasonably necessary to increase~~ the ~~Company~~ **Securities Act. This provision may limit our stockholder** ' s **ability** ~~authorized shares of Common Stock~~ to **bring a claim in a judicial forum that it finds favorable** ~~an amount sufficient to allow the Company to reserve the Required Reserve Amount~~ for **disputes with us and our directors, officers or** ~~the~~ **other** ~~convertible securities~~ **employees and may have** ~~then~~ - **the** ~~outstanding~~ **effect of discouraging lawsuits against our directors, officers and other employees. Furthermore, our stockholders may be subject to increased costs to bring these claims, and the exclusive forum provision could have the effect of discouraging claims or limiting investors' ability to bring claims in a judicial forum that they find favorable** . In **addition** ~~no event later than 26ninety (90) days after the occurrence of such Authorized Share Failure~~ , the **enforceability** ~~Company shall hold a meeting~~ of ~~its stockholders~~ **similar exclusive** ~~for~~ **forum provisions in** ~~the~~ **other** ~~approval~~ **companies' certificates** of **incorporation has been challenged in legal proceedings,** ~~an~~ **and** ~~increase~~ **it is possible that,** in ~~the number of authorized shares of Common Stock. In~~ connection with **one or more actions or proceedings described above, a court could rule that this provision in our Certificate of Incorporation is inapplicable or unenforceable. In March 2020, the Delaware Supreme Court issued a decision in Salzburg et al. v. Sciabacucchi, which found that an exclusive forum provision providing for claims under the Securities Act to be brought in federal court is facially valid under Delaware law. We intend to enforce this provision, but we do not know whether courts in other jurisdictions will agree with this decision or enforce it. If a court were to find the exclusive forum provision contained in our Certificate of Incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving** such ~~meeting,~~ **action in** ~~the~~ **other jurisdictions, which could harm our business, prospects, financial condition and operating results. 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 common stock will depend on the research and reports that securities or industry analysts publish about us or our business. We do not control these analysts. As we are a publicly reporting** ~~Company~~ **company** ~~shall provide each stockholder~~ **in the United States, we may attract research coverage and the analysts who publish information about our common stock will have had relatively little experience** with ~~a proxy statement and shall use~~ - **us or our industry, which could affect their ability to accurately forecast our results and could make** ~~its~~ - **it more likely** ~~reasonable best efforts to solicit its stockholders' approval of such increase in authorized shares of Common Stock and to cause its board of directors to recommend to the stockholders~~ that **we fail to meet their estimates. In** ~~they~~ - **the event we obtain analyst coverage** ~~approve such proposal. Notwithstanding the foregoing~~ , if any ~~such time~~ of **the analysts who cover us provide inaccurate or unfavorable research or issue** an ~~Authorized Share Failure~~ **adverse opinion regarding our stock price** , **our stock price could decline. If one or more of** ~~the~~ **these analysts cease coverage of us or fail to publish reports covering us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline and result in the loss of all or a part of your investment in our** Company ~~is able to obtain the written consent of a majority of the shares of its issued and outstanding shares of Common Stock to approve the increase in the number of authorized shares of Common Stock, the Company may satisfy this obligation by obtaining such consent and submitting for filing with the SEC the Information Statement on Schedule 14- C~~ . Risks Related to our Business and

OperationsPotential acquisitions may disrupt our business and dilute stockholder value. In 2022 ~~,~~ we have ~~been~~ **acquired a controlling interest in** an ~~active~~ **entity (Bollinger Motors, Inc.) and, in 2023, we have** ~~acquirer~~ **acquired significant part** of ~~two entities~~ **assets of another entity (Electric Last Mile Solutions, Inc.)** . We have sought merger or acquisition partners that are culturally similar and have experienced management and possess either significant market presence or have potential for improved profitability through financial management, economies of scale or expanded services. ~~Acquiring~~ **29Acquiring** related electric businesses involve various risks commonly associated with acquisitions, including, among other things: • potential exposure to unknown or contingent liabilities of the target entity; • exposure to potential asset quality issues of the target entity; • difficulty and expense of integrating the operations and personnel of the target entity; • potential disruption to our business; • potential diversion of our management' s time and attention; • the possible loss of key employees and customers of the target entity; • difficulty in estimating the value of the target entity; and • potential changes in banking or tax laws or regulations that may affect the target entity. We regularly evaluate merger and acquisition opportunities and conduct due diligence activities related to possible transactions with other businesses. As a result, merger or acquisition discussions and, in some cases, negotiations may take place and future mergers or acquisitions involving cash, debt or equity securities may occur at any time. Acquisitions typically involve the payment of a premium over book and market values, and, therefore, some dilution of our tangible book value and net income per **share of** common ~~share~~ **stock** may occur in connection with any future transaction. Furthermore, failure to realize the expected revenue increases, cost savings, increases in geographic or product presence, and / or other projected benefits from an acquisition could have a material adverse effect on our financial condition and results of operations. **Changes in tax laws may materially adversely affect our business, prospects, financial condition and operating results. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, and failure to appropriately comply with such tax laws, statutes, rules and regulations could result in sanctions by regulatory agencies, civil money penalties and / or reputational damage, which could adversely affect our business, prospects, financial condition and operating results. Future guidance from the Internal Revenue Service (the " IRS ") with respect to the Tax Cuts and Jobs Act (the " Tax Act ") may affect us, and certain aspects of the Tax Act could be repealed or modified in future legislation. The CARES Act has already modified certain provisions of the Tax Act. In addition, it is uncertain if and to what extent various states will conform to the Tax Act, the CARES Act or any newly enacted federal tax legislation. Changes in corporate tax rates, the realization of net deferred tax assets relating to our operations and the deductibility of expenses under the Tax Act or future reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one- time charges, and could increase our future U. S. tax expense.** We may be unable to develop, manufacture and obtain required regulatory approvals for ~~a car~~ **cars** of sufficient quality to appeal to customers on schedule or at all, or may be unable to do so on a large scale. Our business depends in large part on our ability to develop, manufacture, market and sell or lease our EVs. Our ability to effectively compete in the EV market will depend in large part on our entry into the ~~ESUV~~ **EV** market through the offering of competitively priced vehicles to a wider variety of potential buyers ~~. 27We initially plan to manufacture vehicles in collaboration with one or more automotive component and engineering services suppliers, including large OEMs or tier- one automotive suppliers. We have not yet executed definitive supply or manufacturing agreements with any OEM or tier- one automotive supplier for the supply of parts for production of our initially proposed ESUVs or any of our other future vehicle offerings. If we are unable to negotiate and finalize such supply and manufacturing agreements with an OEM or a tier- one automotive supplier, we will not be able to produce any ESUVs and will not be able to generate significant revenue, or the vehicles may become more expensive to deliver with a higher bill of materials, which would have a material adverse effect on our business, prospects, operating results and financial condition~~ . The continued development and the ability to start manufacturing our vehicles are and will be subject to risks, including with respect to: ● our ability to secure necessary funding; ● our ability to accurately manufacture vehicles within specified design tolerances; ● obtaining required regulatory approvals and certifications; ● compliance with environmental, safety, and similar regulations; **30** ● securing necessary components, services, or licenses on acceptable terms and in a timely manner; ● delays in delivering final component designs to our suppliers; ● our ability to attract, recruit, hire, retain and train skilled employees; ● quality controls that prove to be ineffective or inefficient; ● delays or disruptions in our supply chain including raw material supplies; ● our ability to maintain arrangements on reasonable terms with our manufacturing partners and suppliers, engineering service providers, delivery partners, and after sales service providers; and ● other delays, backlog in manufacturing and research and development of new models, and cost overruns. Our ability to develop, manufacture and obtain required regulatory approvals for a vehicle of sufficient quality to appeal to customers on schedule and on a large scale is unproven, and the business plan is still evolving. We may be required to introduce new vehicle models and enhanced versions of existing models. To date, we have limited experience, as a company, designing, testing, manufacturing, marketing and selling or leasing our electric vehicles and therefore cannot assure you that we will be able to meet customer expectations. Any failure to develop such manufacturing processes and capabilities within our projected costs and timelines would have a material adverse effect on our business, prospects, operating results and financial condition. **We, our third party partners and our suppliers are subject to substantial regulation and unfavorable changes to, or failure by us, our third party partners or our suppliers to comply with, these regulations could substantially harm our business and operating results.** Our **EVs, and motor vehicles in general, as well as our third- party partners and our suppliers are or will be subject to substantial regulation under federal, state and local, and foreign laws. We continue to evaluate requirements for licenses, approvals, certificates and governmental authorizations necessary to manufacture, deploy or service our vehicles in the jurisdictions in which it plans to operate and intends to take such actions necessary to comply. We may experience difficulties in obtaining or complying with various licenses, approvals, certifications and other governmental authorizations necessary to manufacture, deploy or service our vehicles in any of these jurisdictions. If we, our third- party partners or our suppliers are unable to obtain or comply with any of the licenses, approvals, certifications or other governmental**

authorizations necessary to carry out our operations in the jurisdictions in which they currently operate, or those jurisdictions in which they plan to operate in the future, our business, prospects, financial condition and operating results could be materially adversely affected. We expect to incur significant costs in complying with these regulations. Regulations related to the electric and alternative energy vehicle industry are evolving and we face risks associated with changes to these regulations, including but not limited to: • increased support for other alternative fuel systems, which could have an impact on the acceptance of our vehicles; and • increased sensitivity by regulators to the needs of established automobile manufacturers with large employment bases, high fixed costs and business models based on the internal combustion engine, which could lead them to pass regulations that could reduce the compliance costs of such established manufacturers or mitigate the effects of government efforts to promote alternative fuel vehicles. To the extent the laws change, our vehicles may not comply with applicable federal, state and local, or foreign laws, which would have an adverse effect on our business. Compliance with changing regulations could be burdensome, time consuming and expensive. To the extent compliance with new regulations is cost prohibitive, our business, prospects, financial condition, and operating results would be adversely affected. 31Our vehicles will make use of lithium- ion battery cells, which have been observed to catch fire or vent smoke and flame, and, if such results occur, bodily injury or death could result and could subject us to lawsuit, product recalls, or redesign efforts. The battery packs within our proposed vehicles will make use of lithium- ion cells. On rare occasions, lithium- ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium- ion cells. While the battery pack is designed to contain any single cell' s release of energy without spreading to neighboring cells, once our vehicles are commercially available, a field or testing failure of battery packs in our vehicles could occur, which could result in bodily injury or death and could subject us to lawsuit, product recalls, or redesign efforts, all of which would be time consuming and expensive and could harm our brand image. Also, negative ~~28public~~ -- **public** perceptions regarding the suitability of lithium- ion cells for automotive applications, the social and environmental impacts of cobalt mining, or any future incident involving lithium- ion cells, such as a vehicle or other fire, could seriously harm our business and reputation. The efficiency of a battery' s use over time when driving electric vehicles will decline over time, which may negatively influence potential customers' decisions whether to purchase an electric vehicle. The cells used in EV battery modules degrade over time, influenced primarily by the age of the cells and the total energy throughput over the life of the EV. This cell degradation results in a corresponding reduction in the vehicle' s range. Although common to all EVs, cell degradation, and the related decrease in range, may negatively influence potential customer' s EV purchase decisions. We are substantially reliant on our relationships with OEMs, suppliers and service providers for the parts and components in our vehicles, as well as for the manufacture of our initial vehicles. If any of these OEMs, suppliers or service partners choose to not do business with us, then we would have significant difficulty in procuring and producing our vehicles and our business prospects would be significantly harmed. Collaboration with third parties for the manufacturing of vehicles is subject to risks with respect to operations that are outside our control. We could experience delays to the extent our current or future partners do not continue doing business with us or fail to meet agreed upon timelines, experience capacity constraints or otherwise are unable to deliver components or manufacture vehicles as expected. There is a risk of potential disputes with partners, and we could be affected by adverse publicity related to our partners whether or not such publicity is related to their collaboration with us. In addition, although we intend to be involved in material decisions in the supply chain process, given that we also rely on our partners to meet our quality standards, there can be no assurance that we will be able to maintain high quality standards. We may in the future enter into strategic alliances, including joint ventures or minority equity investments, with various third parties to further our business purpose. These alliances could subject us to a number of risks, including risks associated with sharing proprietary information, non- performance by the third party, and increased expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We will rely on complex machinery for our operations and production involves a significant degree of risk and uncertainty in terms of operational performance and costs. We will rely heavily on complex machinery for our operations and our production will involve a significant degree of uncertainty and risk in terms of operational performance and costs. It is expected that our manufacturing plant will consist of large- scale machinery combining many components. The manufacturing plant components are likely to suffer unexpected malfunctions from time to time and will depend on repairs and spare parts to resume operations, which may not be available when needed. Unexpected malfunctions of the manufacturing plant components may significantly affect the intended operational efficiency. Operational performance and costs can be difficult to predict and are often influenced by factors outside of our control, such as, but not limited to, scarcity of natural resources, environmental hazards and remediation, costs associated with decommissioning of machines, labor disputes and strikes, difficulty or delays in obtaining governmental permits, damages or defects in electronic systems, industrial accidents, fire, and seismic activity and natural disasters. Should operational risks materialize, they may result in the personal injury to or death of workers, the loss of production equipment, damage to manufacturing facilities, monetary losses, delays and unanticipated ~~fluctuations~~ **32fluctuations** in production, environmental damage, administrative fines, increased insurance costs and potential legal liabilities, all which could have a material adverse effect on our business, results of operations, cash flows, financial condition or prospects. There are complex software and technology systems that need to be developed in coordination with vendors and suppliers in order to reach production for our EVs, and there can be no assurance such systems will be successfully developed. Our vehicles will use a substantial amount of third- party and in- house software codes and complex hardware to operate. The development of such advanced technologies is inherently complex, and we will need to coordinate with our vendors ~~29and~~ -- **and** suppliers in order to reach production for our EVs. Defects and errors may be revealed over time and our control over the performance of third- party services and systems may be limited. Thus, our potential inability to develop the necessary software and technology systems may harm our competitive position. We are relying on third- party suppliers to develop a number of emerging technologies for use in our products, including solid- state polymer battery technology. These technologies are not today, and may not ever be, commercially viable. There can be no assurances that our suppliers will be able to meet the technological requirements, production timing, and volume requirements to support our business plan. In addition, the technology may not comply with the cost, performance useful life and warranty characteristics we anticipate in our business plan. As a result, our business plan could be significantly impacted, and we may incur significant liabilities under warranty claims which could adversely affect our business, prospects, and results of operations. We may experience significant delays in the design, manufacture, regulatory approval, launch and financing of our vehicles, which could harm our business and prospects. Any delay in the financing, design, manufacture, regulatory approval or launch of our vehicles, including entering into agreements for platform sharing, supply of component parts, and manufacturing, could materially damage our brand, business, prospects, financial condition and operating results and could cause liquidity constraints. Vehicle manufacturers often experience delays in the design, manufacture and commercial release of new products. To the extent we delay the launch of our vehicles, our growth prospects could be adversely affected as we may fail to establish or increase our market share. We rely on third- party suppliers for the provision and development of the key components and materials used in our vehicles. To the extent our suppliers experience any delays in providing us with or developing necessary components, we could experience delays in delivering on our timelines. We **may be unable to meet our projected construction timelines, costs and production ramps at our factories, or we may experience difficulties in generating and maintaining demand for products manufactured there. Our ability to increase production of our vehicles on a sustained basis, make them affordable in the U. S. market by accessing supply chains and workforces and streamline delivery logistics is dependent on the construction and ramp of our current and future factories. The construction of and commencement and ramp of production at these factories are subject to a number of uncertainties inherent in all new manufacturing operations, including ongoing compliance with regulatory requirements, procurement and maintenance of construction, environmental and operational licenses and approvals for additional expansion, supply chain constraints, hiring, training and retention of qualified employees and the pace of bringing production equipment and processes online with the capability to manufacture high- quality units at scale. Moreover, we will have to establish and ramp production of our proprietary battery cells and packs at our factories, and we additionally intend to incorporate sequential design and manufacturing changes into vehicles manufactured at each factory. If we experience any issues or delays in meeting our projected timelines, costs, capital efficiency and production capacity for our new factories, expanding and managing teams to implement iterative design and production changes there, maintaining and complying with the terms of any debt financing that we obtain to fund them or generating and maintaining demand for the vehicles we manufacture there, our business, prospects, operating results and financial condition may be harmed. 33We may be negatively impacted by any early obsolescence of our manufacturing equipment. We depreciate the cost of our manufacturing equipment over their expected useful lives. However, product cycles or manufacturing technology may change periodically, and we may decide to update our products or manufacturing processes more quickly than expected. Moreover, improvements in engineering and manufacturing expertise and efficiency may result in our ability to manufacture our products using less of our currently installed equipment. Alternatively, as we ramp and mature the production of our products to higher levels, we may discontinue the use of already installed equipment in favor of different or additional equipment. The useful life of any equipment that would be retired early as a result would be shortened, causing the depreciation on such equipment to be accelerated, and our results of operations may be harmed. We** will be dependent on our suppliers, a significant number of which are single or limited source suppliers, and the inability of these suppliers to deliver necessary components of our vehicles in a timely manner and at prices and volumes acceptable to us could have a material adverse effect on our business, prospects and operating results. While we plan to obtain components from multiple sources whenever possible, many of the components used in our vehicles will be purchased by us from a single source. While we believe that we may be able to establish alternate supply relationships and can obtain or engineer replacement components for our single source components, we may be unable to do so in the short term (or at all) at prices or quality levels that are acceptable to us. In addition, we could experience delays if our suppliers do not meet agreed upon timelines or experience capacity constraints. Any disruption in the supply of components, whether or not from a single source supplier, could temporarily disrupt production of our vehicles until an alternative supplier is able to supply the required material. Changes in business conditions, unforeseen circumstances, governmental changes, and other factors beyond our control or which we do not presently anticipate, could also affect our suppliers' ability to deliver components to us on a timely basis. Any of the foregoing could materially and adversely affect our results of operations, financial condition and prospects. If any of our suppliers become economically distressed or go bankrupt, we may be required to provide substantial financial support or take other measures to ensure supplies of components or materials, which could increase our costs, affect our liquidity or cause production disruptions. We expect to purchase various types of equipment, raw materials and manufactured component parts from our suppliers. If these suppliers experience substantial financial difficulties, cease operations, or otherwise face business disruptions, we may be required to provide substantial financial support to ensure supply continuity or would have to take other measures to ensure components and materials remain available. Any disruption could affect our ability to deliver vehicles and could increase our costs and negatively affect our liquidity and financial performance ~~. 30We have a limited operating history and face significant challenges as a new entrant into the automotive industry, our vehicles are in development, and we do not expect our first vehicle to be produced until the second quarter of 2024, at the earliest, if at all. We have a short operating history in the automobile industry, which is continuously evolving. We have no experience as an organization in high volume manufacturing of the planned EVs. We cannot assure you that us or our partners will be able to develop efficient, automated, cost- efficient manufacturing capability and processes, and reliable sources of component supplies that will enable us to meet the quality, price, engineering, design and production standards, as well as the production volumes, required to successfully mass- market future vehicles. You should consider our business and prospects in light of the risks and significant challenges we face as a new entrant into our industry, including, among other things, with respect to our ability to: ●~~

~~design and produce safe, reliable and quality vehicles on an ongoing basis; ● obtain the necessary regulatory approvals in a timely manner; ● build a well- recognized and respected brand; ● establish and expand our customer base; ● properly price our services, including our charging solutions, financing and lease options, and successfully anticipate the take- rate and usage of such services by users; ● successfully service our vehicles after sales and maintain a good flow of spare parts and customer goodwill; ● improve and maintain our operational efficiency; ● maintain a reliable, secure, high- performance and scalable technology infrastructure; ● predict our future revenues and appropriately budget for our expenses; ● attract, retain and motivate talented employees; ● anticipate trends that may emerge and affect our business; ● anticipate and adapt to changing market conditions, including technological developments and changes in competitive landscape; ● navigate an evolving and complex regulatory environment. If we fail to adequately address any or all of these risks and challenges, our business may be materially and adversely affected~~ . We are an early- stage company with a history of losses and expect to incur significant expenses and continuing losses for the foreseeable future. There is substantial doubt about our ability to continue as a going concern. We have incurred a net loss since our inception **and particularly incurred losses in the operation of its business related to research and development activities since our inception** . We believe that we will continue to incur operating and net losses each quarter until at least the time we begin significant deliveries of our vehicles. Even if we are able to successfully develop, manufacture, and sell or lease our vehicles, there can be no assurance that they will be commercially successful. We expect the rate at which we will incur losses to be significantly higher in future periods as we, among other things: design, develop and manufacture our vehicles; build up inventories of parts and components for our vehicles; increase our sales and marketing activities ~~, including opening new Mullen Experience Centers~~ ; develop our distribution infrastructure; ~~31and~~ -- **and** increase our general and administrative functions to support our growing operations. We may find that these efforts are more expensive than we currently anticipate or that these efforts may not result in revenues, which would further increase our losses. Our independent registered public accounting firm has included an emphasis of matter paragraph regarding our ability to continue as a going concern in its opinion on our September 30, ~~2022~~ **2023** , consolidated financial statements due to our lack of revenues and insufficient capital for us to fund our operations. ~~Our~~ **34Our** business model has yet to be tested and any failure to commercialize our strategic plans would have an adverse effect on our operating results and business, harm our reputation and could result in substantial liabilities that exceed our resources. Investors should be aware of the difficulties normally encountered by a new enterprise, many of which are beyond our control, including substantial risks and expenses while establishing or entering new markets, setting up operations and undertaking marketing activities. The likelihood of our success must be considered in light of these risks, expenses, complications, delays, and the competitive environment in which we operate. There is, therefore, nothing at this time upon which to base an assumption that our business model will prove successful, and we may not be able to generate significant revenue, raise additional capital or operate profitably. We will continue to encounter risks and difficulties frequently experienced by early commercial stage companies, including scaling up our infrastructure and headcount, and may encounter unforeseen expenses, difficulties or delays in connection with our growth. In addition, as a result of the capital- intensive nature of our business, we can be expected to continue to sustain substantial operating expenses without generating sufficient revenues to cover expenditure. Any investment in our company is therefore highly speculative and could result in the loss of your entire investment. We may not be able to accurately estimate the supply and demand for our vehicles, which could result in a variety of inefficiencies in our business and hinder our ability to generate revenue. If we fail to accurately predict our manufacturing requirements, we could incur additional costs or experience delays. It is difficult to predict our future revenues and appropriate budget for our expenses, and we may have limited insight into trends that may emerge and affect our business. We will be required to provide forecasts of our demand to our suppliers several months prior to the scheduled delivery of products to our prospective customers. Currently, there is no historical basis for making judgments on the demand for our vehicles or our ability to develop, manufacture, and deliver vehicles, or our profitability in the future. If we overestimate our requirements, our suppliers may have excess inventory, which indirectly would increase our costs. If we underestimate our requirements, our suppliers may have inadequate inventory, which could interrupt the manufacturing of our products and result in delays in shipments and revenues. In addition, lead times for materials and components that our suppliers order may vary significantly and depend on factors such as the specific supplier, contract terms and demand for each component at a given time. If we fail to order sufficient quantities of product components in a timely manner, the delivery of vehicles to our customers could be delayed, which would harm our business, financial condition and operating results. We could experience cost increases or disruptions in the supply of raw materials or other components used in our vehicles. If we are unable to establish an arrangement for the sustainable supply of batteries for our vehicles, our business would be materially and adversely harmed. We may be unable to adequately control the costs associated with our operations. We expect to incur significant costs related to procuring raw materials required to manufacture and assemble our vehicles. The prices for these raw materials fluctuate depending on factors beyond our control. Our business also depends on the continued supply of battery cells for our vehicles. We are exposed to multiple risks relating to availability and pricing of quality solid- state polymer battery cells and lithium- ion battery cells. Furthermore, currency fluctuations, tariffs or shortages in petroleum and other economic or political conditions may result in significant increases in freight charges and raw material costs. Substantial increases in the prices for our raw materials or components would increase our operating costs and could reduce our margins. In addition, a growth in popularity of ~~32electric~~ -- **electric** vehicles without a significant expansion in battery cell production capacity could result in shortages, which would result in increased costs in raw materials to us or impact our prospects. If our vehicles fail to perform as expected, our ability to develop, market, and sell or lease our electric vehicles could be harmed. Once production commences, our vehicles may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair, recalls, and design changes. Our vehicles will use a substantial amount of software code to operate, and software products are inherently complex and often contain defects and errors when first ~~introduced~~ **35introduced** . We have a limited frame of reference by which to evaluate the long- term performance of our systems and vehicles. There can be no assurance that we will be able to detect and fix any defects in the vehicles prior to their sale to consumers. If any of our vehicles fail to perform as expected, we may need to delay deliveries **and /** or initiate product recalls, **and / or compensate damages to our dealers or customers, possibly exceeding the revenues received upon sales,-** which could adversely affect our brand in our target markets and could adversely affect our business, prospects, and results of operations. Our services may not be generally accepted by our users. If we are unable to provide quality customer service, our business and reputation may be materially and adversely affected. Our servicing may primarily be carried out through third parties certified by us. Although such servicing partners may have experience in servicing other vehicles, they will initially have limited experience in servicing our vehicles. There can be no assurance that our service arrangements will adequately address the service requirements of our customers to their satisfaction, or that us or any of our proposed service partners will have sufficient resources to meet these service requirements in a timely manner as the volume of vehicles we deliver increases. The automotive market is highly competitive, and we may not be successful in competing in this industry. Both the automobile industry generally, and the electric vehicle segment, in particular, are highly competitive, and we will be competing for sales with both internal combustion engine (" ICE ") vehicles and other EVs. Many of our current and potential competitors have significantly greater financial, technical, manufacturing, marketing and other resources than we do and may be able to devote greater resources to the design, development, manufacturing, distribution, promotion, sale and support of their products, including their electric vehicles. We expect competition for electric vehicles to intensify due to increased demand and a regulatory push for alternative fuel vehicles, continuing globalization, and consolidation in the worldwide automotive industry. Factors affecting competition include product quality and features, innovation and development time, pricing, reliability, safety, fuel economy, customer service, and financing terms. Increased competition may lead to lower vehicle unit sales and increased inventory, which may result in downward price pressure and adversely affect our business, financial condition, operating results, and prospects. The automotive industry and our technology are rapidly evolving and may be subject to unforeseen changes. Developments in alternative technologies, including but not limited to hydrogen, may adversely affect the demand for our electric vehicles. We may be unable to keep up with changes in EV technology or alternatives to electricity as a fuel source and, as a result, our competitiveness may suffer. Developments in alternative technologies, such as advanced diesel, ethanol, fuel cells, or compressed natural gas, or improvements in the fuel economy of the ICE, may materially and adversely affect our business and prospects in ways we do not currently anticipate. Any failure by us to successfully react to changes in existing technologies could materially harm our competitive position and growth prospects. We ~~may be subject to risks associated with autonomous driving technology. It is expected that our proposed vehicles will be designed with connectivity for future installation of an autonomous hardware suite, and we plan to partner with a third- party software provider in the future to implement autonomous capabilities. However, we cannot guarantee that we will be able to identify a third party to provide the necessary hardware and software to enable autonomous capabilities in an acceptable timeframe, on terms satisfactory to us, or at all. Autonomous driving technologies are subject to risks and there have been accidents and fatalities associated with such 33technologies. The safety of such technologies depends in part on driving interactions, and drivers may not be accustomed to using or adapting to such technologies. To the extent accidents associated with our autonomous driving systems occur, we could be subject to liability, negative publicity, government scrutiny, and further regulation. Any of the foregoing could materially and adversely affect our results of operations, financial condition, and growth prospects. Our distribution model is different from the predominant current distribution model for automobile manufacturers, which makes evaluating our business, operating results and future prospects difficult. Our distribution model is different from the predominant current distribution model for automobile manufacturers, which makes evaluating our business, operating results and future prospects difficult. Our distribution model is not common in the automotive industry today. We plan to conduct vehicle sales directly to users rather than through dealerships. This model of vehicle distribution is relatively new and, with limited exceptions, unproven, and subjects us to substantial risk. For example, we will not be able to utilize long- established sales channels developed through a franchise system to increase sales volume. Moreover, we will be competing with companies with well- established distribution channels. Our success will depend in large part on our ability to effectively develop our own sales channels and marketing strategies. If we are unable to achieve this, it could have a material adverse effect on our business, prospects, financial results and results of operations. We~~ have identified material weaknesses in our internal control over financial reporting. Failure to achieve and maintain effective internal control over financial reporting could result in our failure to accurately or timely report our financial condition or results of operations, which could have a material adverse effect on our business and stock price. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. **Our management has concluded that our internal control over financial reporting was not effective as of September 30, 2023 due to material weaknesses, certain policies and procedures that are not all formalized in a written procedure format that is up to date, absence of formalized review of key controls processes and / or insufficiently formalized documentation evidencing, certain design deficiencies in management and analytical review of controls associated with the financial close process, lack of in- house accounting expertise, and lack of disclosure controls and procedures to ensure the Company properly presents certain related party disclosures.** Management is working to remediate our current material weaknesses and prevent potential future material weaknesses by **implementing procedures such as,** hiring additional qualified accounting and financial reporting personnel, and further reviewing and enhancing our accounting processes **, which are further described under " Item 9A. Controls and Procedures " of this Report** . We may not ~~be~~ **36be** able to fully remediate any future material weaknesses until these steps have been completed and have been operating effectively for a sufficient period of time. If we are not able to maintain effective internal control over financial reporting, our financial statements and related disclosures may be inaccurate, which could have materially adverse effects on our business and our stock price. **Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations.**

The effectiveness of our controls and procedures may be limited by a variety of factors, including: • faulty human judgment and simple errors, omissions, or mistakes; • fraudulent action of an individual or collusion of two or more people; • inappropriate management override of procedures; and • the possibility that any enhancements to controls and procedures may still not be adequate to assure timely and accurate financial control. Our ability to comply with the annual internal control report requirements will depend on the effectiveness of our financial reporting and data systems and controls across our company. We expect these systems and controls to involve significant expenditures and to become increasingly complex as our business grows. To effectively manage this complexity, we will need to continue to improve our operational, financial, and management controls, and our reporting systems and procedures. Our inability to successfully remediate our existing or any future material weaknesses or other deficiencies in our internal control over financial reporting or any failure to implement required new or improved controls, or difficulties encountered in the implementation or operation of these controls, could harm our operating results and cause us to fail to meet our financial reporting obligations or result in material misstatements in our financial statements, which could limit our liquidity and access to capital markets, adversely affect our business and investor confidence in us, and reduce our stock price. Our future growth is dependent on the demand for, and upon consumers' willingness to adopt, electric vehicles. Our future growth is dependent on the demand for, and upon consumers' willingness to adopt electric vehicles, and even if electric vehicles become more mainstream, consumers choosing us over other EV manufacturers. Demand for electric vehicles may be affected by factors directly impacting automobile prices or the cost of purchasing and operating automobiles such as sales and financing incentives, prices of raw materials and parts and components, cost of fuel and governmental regulations, including tariffs, import regulation and other taxes. Volatility in demand may lead to lower vehicle unit sales, which may result in downward price pressure and adversely affect our business, prospects, financial condition, and operating results. In addition, the demand for our vehicles and services will highly depend upon the adoption by consumers of new energy vehicles in general and electric vehicles in particular. The market for **alternative fuels, hybrid and EVs is** new ~~energy vehicles~~ **and untested and** is ~~still rapidly evolving,~~ characterized by rapidly changing technologies, **price** ~~competitive~~ **competition , numerous competitors** ~~pricing and competitive factors~~ , evolving government regulation and industry standards ~~,~~ and ~~changing consumer~~ **uncertain customer** demands and behaviors. Other factors that may influence the adoption of alternative fuel vehicles, and specifically electric vehicles, include: ~~●~~ **•** perceptions about EV quality, safety, design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of electric vehicles, whether or not such vehicles are produced by us or other manufacturers; ~~●~~ **• perceptions about the limited** range ~~anxiety~~ **over which EVs may be driven on a single battery charge** ; ~~34 ●~~ **• concerns over access to charging and charging stations, as well as the time required to charge EVs • perceptions about the limited range over which EVs may be driven on a single battery charge; • fuel prices, including volatility in the cost of fossil fuels • competition, including from other types of alternative fuel, including hydrogen or compressed natural gas (CNG) vehicles, plug- in hybrid EVs and high fuel- economy internal combustion engine vehicles •** the availability of new energy vehicles, including plug- in hybrid EVs; ~~● the availability of service~~ **37 • concerns over access to charging** and charging stations ~~for~~ **, as well as the time required to charge** EVs; ~~●~~ **• electric grid capacity and reliability; • government regulations, ESG restrictions, and economic incentives •** the environmental consciousness of consumers, and their adoption of EVs; ~~●~~ **• perceptions of overall EV vehicle safety, such as those relating to battery combustibility; •** perceptions about and the actual cost of alternative fuel ~~; and ● macroeconomic factors~~ . Any of the factors described above may cause current or potential customers not to purchase EVs in general, and our EVs in particular. If the market for EVs does not develop as we expect or develops more slowly than we expect, our business, prospects, financial condition and operating results will be affected. The unavailability, reduction or elimination of government and economic incentives could have a material adverse effect on our business, prospects, financial condition and operating results. Any reduction, elimination, or discriminatory application of government subsidies and economic incentives because of policy changes, or the reduced need for such subsidies and incentives due to the perceived success of the electric vehicle or for other reasons, may result in the diminished competitiveness of the alternative fuel and electric vehicle industry generally or our electric vehicles in particular. This could materially and adversely affect the growth of the alternative fuel automobile markets and our business, prospects, financial condition and operating results. 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 these programs will be available in the future. If current tax incentives are not available in the future, our financial position could be harmed. In addition, we may apply for federal and state grants, loans and tax incentives under government programs designed to stimulate the economy and support the production of alternative fuel and electric vehicles and related technologies, and our ability to obtain funds or incentives from government sources is subject to the availability of funds under applicable government programs and approval of our applications to participate in such programs. The application process for these funds and other incentives will likely be highly competitive. We cannot assure you that we will be successful in obtaining any of these additional grants, loans and other incentives. If we are not successful in obtaining any of these additional incentives and we are unable to find alternative sources of funding to meet our planned capital needs, our business and prospects could be materially adversely affected. If we fail to manage our future growth effectively, we may not be able to develop, manufacture, market and sell or lease our vehicles successfully. We intend to expand our operations significantly, which will require hiring, retaining and training new personnel, controlling expenses, establishing facilities ~~and experience centers~~ , and implementing administrative infrastructure, systems and processes. In addition, because our electric vehicles are based on a different technology platform than traditional ICE vehicles, individuals with sufficient training in electric vehicles may not be available to be hired, and we will need to expend significant time and expense training employees we hire. We also require sufficient talent in additional areas such as software development. Furthermore, as we are a relatively young company, our ability to train and integrate new employees into our operations may not meet the growing demands of our business, which may affect our ability to grow. Any failure to effectively manage our growth could materially and adversely affect our business, prospects, operating results and financial condition. For example, to manage the expected growth of our operations and increasing complexity, we will need to improve our operational and financial systems, procedures, and controls and continue to increase systems automation to reduce reliance on manual operations. Any inability to do so will affect our billing and reporting. Our current and planned systems, procedures and controls may not be adequate to support our complex arrangements and the rules governing revenue and ~~35expense -~~- **expense** recognition for our future operations and expected growth. Delays or problems associated with any improvement or expansion of our operational and financial systems and controls could adversely affect our relationships with our customers, cause harm to our reputation and brand and could also result in errors in our financial and other reporting. ~~Insufficient~~ **38Insufficient** warranty reserves to cover future warranty claims could materially adversely affect our business, prospects, financial condition and operating results. Once **we have achieved significant sales of** our ~~cars are in production~~ **products to customers** , we will need to maintain warranty reserves to cover warranty- related claims. If our warranty reserves are inadequate to cover future warranty claims on our vehicles, our business, prospects, financial condition and operating results could be materially and adversely affected. We may become subject to significant and unexpected warranty expenses. There can be no assurances that then- existing warranty reserves will be sufficient to cover all claims. We may not succeed in establishing, maintaining and strengthening the Mullen brand, which would materially and adversely affect customer acceptance of our vehicles and components and our business, revenues and prospects. Once our ~~cars~~ **vehicles** are in **high volume** production, our business and prospects will heavily depend on our ability to develop, maintain and strengthen the Mullen brand. If we are not able to establish, maintain and strengthen our brand, we may lose the opportunity to build a critical mass of customers. Our ability to develop, maintain and strengthen the Mullen brand will depend heavily on the success of our marketing efforts. The automobile industry is intensely competitive, and we may not be successful in building, maintaining and strengthening our brand. Many of our current and potential competitors, particularly automobile manufacturers headquartered in the United States, Japan, the European Union and China, have greater name recognition, broader customer relationships and substantially greater marketing resources than we do. If we do not develop and maintain a strong brand, our business, prospects, financial condition and operating results will be materially and adversely impacted. Doing business internationally creates operational and financial risks for our business. Our business plan includes eventual expansion into other international markets. Conducting and launching operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. If we fail to coordinate and manage these activities effectively, our business, financial condition or results of operations could be adversely affected. International sales entail a variety of risks, including currency exchange fluctuations, challenges in staffing and managing foreign operations, tariffs and other trade barriers, unexpected changes in legislative or regulatory requirements of foreign countries into which we sell our products and services, difficulties in obtaining export licenses or in overcoming other trade barriers, laws and business practices favoring local companies, political and economic instability, difficulties protecting or procuring intellectual property rights, and restrictions resulting in delivery delays and significant taxes or other burdens of complying with a variety of foreign laws. We are highly dependent on the services of David Michery, our Chief Executive Officer. We are highly dependent on the services of David Michery, our founder and Chief Executive Officer. Mr. Michery is the source of many, if not most, of the ideas and execution driving us. If Mr. Michery were to discontinue his service to us due to death, disability or any other reason, we would be significantly disadvantaged. **We are exposed to risks relating to our relationship with a related party. Prior to its spinoff as a separate entity and the closing of the Merger on November 5, 2021, the Company operated as a division of Mullen Technologies, Inc. (“ MTI ”), an entity in which the Company’ s CEO has a controlling financial interest and of which he is also CEO and Chairman. The Company and MTI entered into a Transaction Services Agreement pursuant to which the Company incurred approximately $ 1. 2 million and $ 0. 9 million of disbursements on behalf of MTI during the years ended September 30, 2022 and 2023, respectively. On March 31, 2023, the Company converted approximately $ 1. 4 million of the advances to a note receivable from MTI. For a further description, see “ Note 20. Related Party Transactions – Related Party Note Receivable ” of the notes to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K to the Company’ s consolidated financial statements. In all related party transactions, there is a risk that even if the Company personnel negotiating on behalf of the Company with the related party are striving to ensure that the terms of the transaction are arms- length, the related party’ s influence may be such that the transaction terms could be viewed as favorable to that related party. Plus, the related part transaction 39could be perceived as a potential conflict of interest since the transaction may benefit the related party. Such conflicts could cause an individual in our management to seek to advance his or her economic interests or the economic interests of certain related parties above ours. Further, the appearance of conflicts of interest created by related party transactions could impair the confidence of our investors.** Our business may be adversely affected by labor and union activities. Although none of our employees are currently represented by a labor union, it is common throughout the automobile industry generally for many employees at automobile companies to belong to a union, which can result in higher employee costs and increased risk of work stoppages. We may also directly and indirectly depend upon other companies with unionized work forces, such as parts suppliers and trucking and freight companies, and work stoppages or strikes organized by such unions could have a material adverse impact on our business, financial condition or operating results. **Our business** ~~36We face risks related to health epidemics, including the recent COVID- 19 pandemic, which~~ could **be** ~~have a material adverse~~ **adversely** ~~effect on~~ **impacted by global** ~~our~~ - **or regional catastrophic events. Our** business **could be materially adversely affected by terrorist acts** ~~and results of operations. We face various risks related to public health issues~~ , **widespread** ~~including epidemics, pandemics, and other~~ outbreaks ~~, including the recent pandemic~~ of **infectious diseases (such** ~~respiratory illness caused by a novel coronavirus known~~ as COVID- 19 ~~. The~~ **), government responses emplaced to limit the** impact of **infectious diseases (** ~~COVID- 19, including changes in consumer and business behavior, pandemic fears and market downturns, and restrictions on business and individual activities, has created significant volatility in~~

~~the global economy and 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~~ **directives)** , ~~and~~ **or the outbreak or escalation of wars including, but not limited to, the invasion of Ukraine by the Russian Federation. Such events in the geographic regions in which we do** business ~~shutdowns. These measures may adversely impact our employees and operations and the operations of our customers~~ , **including escalations** ~~suppliers, vendors and business partners, and may negatively impact our sales and marketing activities. In addition, various aspects~~ of ~~our business cannot be conducted remotely~~ **political tensions and military conflicts in the U** . ~~These measures by~~ **S., Europe, Asia, and any** ~~government~~ **governmental sanctions enacted** ~~authorities may remain~~ in **reaction thereto** ~~place for a significant period of time and they are likely to continue to adversely affect our manufacturing plans~~ , **could** ~~sales and marketing activities, business and results~~ - **result** ~~of operations. The spread of COVID~~ **in a global energy crisis, economic inflation, supply** - **chain disruptions,** ~~19 has caused us to modify our~~ - **or the confiscation or destruction of our facilities;** ~~business practices (including employee travel, recommending that~~ all ~~non- essential personnel work from home and cancellation or reduction of physical participation in sales activities, meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, suppliers, vendors and business partners. The reduction of economic activity also disrupted some contractual obligations due to work stoppage requirements. Some employees chose the option to work from home rather than come to the office. As a result, there were some reductions in employee productivity, employee layoffs and employee salaries. The extent to which the COVID- 19 pandemic impacts our business, prospects and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including the duration and spread of the pandemic, our severity, the actions to contain the virus or treat our impact, and how quickly and to what extent normal economic and operating activities can resume. Even after the COVID- 19 pandemic has subsided, we may continue to experience an~~ **and** ~~adverse impact to our business as a result of our global economic impact, including~~ any **of** ~~recession that has occurred or may occur in the~~ **these outcomes** ~~future. Specifically, difficult macroeconomic conditions, such as decreases in per capita income and level of disposable income, increased and prolonged unemployment, or a decline in consumer confidence as a result of the COVID- 19 pandemic~~ could have ~~a~~ material **,** adverse ~~effect~~ **impacts** on ~~the demand for~~ our ~~vehicles. Under difficult economic~~ **results of operations, financial** ~~conditions~~ - **condition** , ~~potential customers may seek to reduce spending by forgoing our vehicles for other traditional options or may choose to keep their existing vehicles~~ and **cash flows** ~~cancel reservations. There are no comparable recent events that may provide guidance as to the effect of the spread of COVID- 19 and a pandemic, and, as a result, the ultimate impact of the COVID- 19 pandemic or a similar health epidemic is highly uncertain~~ . Reservations for our **passenger** vehicles are cancellable. The potentially long wait from the time a reservation is made until the time the vehicle is delivered, and any delays beyond expected wait times, could impact user decisions on whether to ultimately make a purchase. Any cancellations could harm our financial condition, business, prospects, and operating results ~~. We may face legal challenges in one or more states attempting to sell directly to customers which could materially adversely affect our costs. Our business plan includes the direct sale of vehicles to business customers, and potentially, to individual customers. Most, if not all, states require a license to sell vehicles within the state. Many states prohibit manufacturers from directly selling 37vehicles to customers. In other states, manufacturers must operate a physical dealership within the state to deliver vehicles to customers. As a result, we may not be able to sell directly to customers in each state in the United States. For customers residing in states in which we will not be allowed to sell or deliver vehicles, we may have to arrange alternate methods of delivery of vehicles. This could include delivering vehicles to adjacent or nearby states in which we are allowed to directly sell and ship vehicles and arranging for the customer to transport the vehicles to their home states. These workarounds could add significant complexity, and as a result, costs, to our business~~ . Failure of information security and privacy concerns could subject us to penalties, damage our reputation and brand, and harm our business and results of operations. We expect to face significant challenges with respect to information security and privacy, including the storage, transmission and sharing of confidential information. We will transmit and store confidential and private information of our customers, such as personal information, including names, accounts, user IDs and passwords, and payment or transaction related information. We have adopted information security policies and deployed measures to implement the policies, including, among others, encryption technologies, and plans to continue to deploy additional measures as we grow. However, advances in technology, an increased level of sophistication and diversity of our products and services, an increased level of expertise of hackers, new discoveries in the field of cryptography or other factors can still result in a compromise or breach of the measures that we use. If we are unable to protect our systems, and hence the information stored in our systems, from unauthorized access, use, disclosure, disruption, modification or destruction, such problems or security breaches could cause a loss, give rise to our liabilities to the owners of confidential information or even subject us to fines and penalties. In addition, complying with various laws and regulations could cause us to incur substantial costs or require us to change our business practices, including our data practices, in a manner adverse to our business. In addition, we will need to comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in the United States, Europe and elsewhere. For example, the European Union adopted the General Data Protection Regulation (" GDPR "), which became effective on May 25, 2018, and the State of California adopted the California Consumer Privacy Act of 2018 (" CCPA "). Both the GDPR and the CCPA impose additional obligations on companies regarding the handling of personal data and provide certain individual privacy rights to persons whose data is stored. Compliance with existing, proposed and recently enacted laws (including implementation of the ~~privacy~~ **40privacy** and process enhancements called for under the GDPR) and regulations can be costly; any failure to comply with these regulatory standards could subject us to legal and reputational risks. Compliance with any additional laws and regulations could be expensive and may place restrictions on the conduct of our business and the manner in which we interact with our customers. Any failure to comply with applicable regulations could also result in regulatory enforcement actions against us, and misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against us by governmental entities or others, and damage to our reputation and credibility, and could have a negative impact on revenues and profits. Significant capital and other resources may be required to protect against information security breaches or to alleviate problems caused by such breaches or to comply with our privacy policies or privacy- related legal obligations. The resources required may increase over time as the methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy- related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, could cause our customers to lose trust in us and could expose us to legal claims. Any perception by the public that online transactions or the privacy of user information are becoming increasingly unsafe or vulnerable to attacks could inhibit the growth of online retail and other online services generally, which may reduce the number of orders we receive. ~~38We~~ **We** may need to defend ourselves against patent or trademark infringement claims, and we may not be able to prevent others from unauthorized use of our intellectual property, which may be time- consuming and would cause us to incur substantial costs and harm our business and competitive position. Companies, organizations, or individuals, including our competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop, sell, lease or market our vehicles or components, which could make it more difficult for us to operate our business. From time to time, we may receive communications from holders of patents or trademarks regarding their proprietary rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge us to take licenses. Our applications and uses of trademarks relating to our design, software or artificial intelligence technologies could be found to infringe upon existing trademark ownership and rights. In addition, if we are determined to have infringed upon a third party’ s intellectual property rights, we may be required to do one or more of the following: ● cease selling or leasing, incorporating certain components into, or using vehicles or offering goods or services that incorporate or use the challenged intellectual property; ● pay substantial damages; ● seek a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms, or at all; ● redesign our vehicles or other goods or services; or ● establish and maintain alternative branding for our products and services. In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology or other intellectual property right, our business, prospects, operating results and financial condition could be materially and adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention. Further, we may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position. We rely or will rely on a combination of patents, trade secrets (including know- how), employee and third- party nondisclosure agreements, copyrights, trademarks, intellectual property licenses, and other contractual rights to establish and protect our rights in our technology. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and the steps we have taken or will take may not prevent misappropriation. From time to time, we may have to ~~resort~~ **41resort** to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources. Patent, trademark, and trade secret laws vary significantly throughout the world. A number of foreign countries do not protect intellectual property rights to the same extent as do the laws of the United States. Therefore, our intellectual property rights may not be as strong or as easily enforced outside of the United States. Failure to adequately protect our intellectual property rights could result in our competitors offering similar products, potentially resulting in the loss of some of our competitive advantage and a decrease in our revenue which, would adversely affect our business, prospects, financial condition and operating results. ~~39Patent~~ -- **Patent** applications that we may file may not issue as patents and any patents that may be granted to us may expire and may not be extended, our rights may be contested, circumvented, invalidated or limited in scope, or our rights may not protect us effectively, all of which may have a material adverse effect on our ability to prevent others from commercially exploiting products similar to theirs. We cannot be certain that we are the first inventor of the subject matter to which we may file a particular patent application, or if we are the first party to file such a patent application. If another party has filed a patent application for the same subject matter as we have, we may not be entitled to the protection sought by the patent application. Further, the scope of protection of issued patent claims is often difficult to determine. As a result, we cannot be certain that the patent applications that we file will issue, or that our issued patents will afford protection against competitors with similar technology. In addition, our competitors may design around our issued patents, which may adversely affect our business, prospects, financial condition or operating results. We cannot assure you that we will be granted patents pursuant to any applications that we may file. Even if we file patent applications and we are issued patents in accordance with them, it is still uncertain whether these patents will be contested, circumvented or invalidated in the future. In addition, the rights granted under any issued patents may not provide us with meaningful protection or competitive advantages. The claims under any patents that are issued from our patent applications may not be broad enough to prevent others from developing technologies that are similar or that achieve results similar to ours. The intellectual property rights of others could also bar us from licensing and exploiting any patents that are issued from our applications. Numerous patents and pending patent applications owned by others exist in the fields in which we have developed and are developing our technology. These patents and patent applications might have priority over our patent applications and could subject our patent applications to invalidation. Finally, in addition to those who may claim priority, any of our patents may also be challenged by others on the basis that they are otherwise invalid or unenforceable. We may be subject to damages resulting from claims that we or our employees have wrongfully used or disclosed alleged trade secrets of our employees’ former employers. Many of our employees were previously employed by other automotive companies or by suppliers to automotive companies. We may be subject to claims that we 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 we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our products, which could severely harm our business. Even if we are successful in defending against these claims, litigation could result in substantial costs and demand on management resources. Our vehicles are subject to motor vehicle standards and substantial regulation, and the failure to satisfy such mandated safety standards or regulations, or unfavorable changes to such regulations, would have a material adverse effect on our business and operating results. All vehicles sold must comply with international, federal, and state motor vehicle safety standards. In the United States, vehicles that meet or exceed all federally mandated safety standards are certified under the federal regulations. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving federal certification. Failure by us to have our future model electric vehicle satisfy motor vehicle standards would have a material adverse effect on our business and operating results. ~~Additionally~~ **42Additionally** , our electric vehicles, and the sale of motor vehicles in general, are subject to substantial regulation under international, federal, state, and local laws. We expect to incur significant costs in complying with these regulations. Regulations related to the electric vehicle industry and alternative energy are currently evolving and we face risks associated with changes to these regulations. To the extent the laws change, our vehicles may not comply with applicable international, federal, state or local laws, which would have an adverse effect on our business. Compliance with changing regulations could be burdensome, time consuming, and expensive. To the extent compliance with new regulations is cost prohibitive, our business, prospects, financial condition and operating results would be adversely affected. **Further, certain federal, state and local laws and industry standards currently regulate electrical and electronics equipment. Our vehicles may become subject to additional international, federal, state, and local regulation in the future. Compliance with these regulations could be burdensome, time consuming, and expensive. Our vehicles are subject to environmental and safety compliance with various federal and state regulations, including regulations promulgated by the Environmental Protection Agency, the National Highway Traffic and Safety Administration and various state boards, and compliance certification is required for each new model year. The cost of these compliance activities and the delays and risks associated with obtaining approval can be substantial. The risks, delays and expenses incurred in connection with such compliance could be substantial.** ~~40Internationally~~ -- **Internationally** , there may be laws in jurisdictions we have not yet entered or laws we are unaware of in jurisdictions we have entered that may restrict our sales or other business practices. Even for those jurisdictions we have analyzed, the laws in this area can be complex, difficult to interpret and may change over time. Continued regulatory limitations and other obstacles interfering with our ability to sell or lease vehicles directly to consumers could have a negative and material impact on our business, prospects, financial condition and results of operations. We may become subject to product liability claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims. We may become subject to product liability claims, even those without merit, which could harm our business, prospects, operating results, and financial condition. The automobile industry experiences significant product liability claims and we face inherent risk of exposure to claims in the event our vehicles do not perform as expected or malfunction resulting in personal injury or death. Our risks in this area are particularly pronounced given we have limited field experience for our vehicles. A successful product liability claim against us could require us to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity about our vehicles and business and inhibit or prevent commercialization of other future vehicle candidates, which would have material adverse effect on our brand, business, prospects and operating results. Any insurance coverage might not be sufficient to cover all potential product liability claims. Any lawsuit seeking significant monetary damages either in excess of our coverage, or outside of our coverage, may have a material adverse effect on our reputation, business and financial condition. We may not be able to secure additional product liability insurance coverage on commercially acceptable terms or at reasonable costs when needed, particularly if we do face liability for our products and are forced to make a claim under our policy **. We face risks and uncertainties related to litigation, regulatory actions and government investigations and inquiries. We are, and may in the future become, subject to various litigations, other claims, suits, regulatory actions and government investigations and inquiries. See the description of certain current legal proceedings described under " Note 19, Contingencies and Claims ", of the notes to the consolidated financial statements included elsewhere in this Annual Report on Form 10- K. In addition, from time to time, we may be involved in other legal proceedings arising in the ordinary course of business, including those relating to employment matters, relationships with collaboration partners, intellectual property disputes, and other business matters. Any such claims or investigations may be time- consuming, costly, divert management resources, or otherwise have a material adverse effect on our business or result of operations. 43The results of the current legal proceedings and any future legal proceedings cannot be predicted with certainty and adverse judgments or settlements in some or all of these legal proceedings may result in materially adverse monetary damages or injunctive relief against us. Any such payments or settlement arrangements in current or future litigation, could have a material adverse effect on our business, operating results or financial condition. Even if the plaintiffs' claims are not successful, current or future litigation could result in substantial costs and significantly and adversely impact our reputation and divert management' s attention and resources, which could have a material adverse effect on our business, operating results and financial condition, and negatively affect the price of our common stock. In addition, such legal proceedings may make it more difficult to finance our operations** . We are or will be subject to anti- corruption, anti- bribery, anti- money laundering, financial and economic sanctions and similar laws, and non- compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation. We are or will be subject to anti- corruption, anti- bribery, anti- money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct or in the future may conduct activities, including the U. S. Foreign Corrupt Practices Act (“ FCPA ”), the U. K. Bribery Act 2010, and other anti- corruption laws and regulations. The FCPA and the U. K. Bribery Act 2010 prohibit us and our officers, directors, employees and business partners acting on our behalf, including agents, from corruptly 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. The U. K. Bribery Act also prohibit non- governmental “ commercial ” bribery and soliciting or accepting bribes. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation. Our policies and procedures designed to ensure compliance with these regulations may not be sufficient and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible. Non- compliance with anti- corruption, anti- bribery, anti- money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, 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 our business, results of operations, financial condition and reputation. In addition, changes in economic sanctions laws in the future could adversely impact our business and investments in our shares. Failure to improve our operational and financial systems to support our expected growth, increasingly complex business arrangements and rules governing revenue and expense recognition and any inability to do so will adversely affect our billing and reporting. To manage the expected growth and increasing complexity of our operations, we will need to improve our operational and financial systems, procedures, and controls and continue to increase systems automation to reduce reliance on manual operations. Any inability to do so will affect our billing and reporting. Our current and planned systems, procedures and ~~41controls --~~ **controls** may not be adequate to support our complex arrangements and the rules governing revenue and expense recognition for our future operations and expected growth. Delays or problems associated with any improvement or expansion of our operational and financial systems and controls could adversely affect our relationships with our customers, cause harm to our reputation and brand and could also result in errors in our financial and other reporting. Failure to build our finance infrastructure and improve our accounting systems and controls could impair our ability to comply with the financial reporting and internal controls requirements for publicly traded companies. As a public company, we will operate in an increasingly demanding regulatory environment, which requires us to comply with the Sarbanes- Oxley Act of 2002 (the “ Sarbanes- Oxley Act ”), the regulations of the Nasdaq CM, the rules and regulations of the SEC, expanded disclosure requirements, accelerated reporting requirements and more complex accounting rules. Company responsibilities required by the Sarbanes- Oxley Act include establishing corporate oversight and adequate internal control over financial reporting and disclosure controls and procedures. Effective internal controls ~~are necessary for us to produce reliable financial reports and are important to help prevent financial fraud. The Company must perform system and process evaluation and testing of our internal controls over financial reporting to allow management to report on the effectiveness of our internal controls over financial reporting in our Form 10- K filing. Prior to the Closing, we have never been required to test our internal controls within a specified period and, as a result, we may experience difficulty in meeting these reporting requirements in a timely manner. We anticipate that the process of building our accounting and financial functions and infrastructure will require significant additional professional fees, internal costs and management efforts. We expect that we will need to implement a new internal system to combine and streamline the management of our financial, accounting, human resources and other functions. However, such a system would likely require us to complete many processes and procedures for the effective use of the system or to run our business using the system, which may result in substantial costs. Any disruptions or difficulties in implementing or using such a system could adversely affect our controls and harm our business. Moreover, such disruption or difficulties could result in unanticipated costs and diversion of management’ s attention. In addition, we may discover additional weaknesses in our system of internal financial and accounting controls and procedures that could result in a material misstatement of our financial statements. Our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’ s objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected. If we are not able to comply with the requirements of Section 404 -~~ **44** ~~of the Sarbanes- Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements. If we cannot provide reliable financial reports or prevent fraud, our business and results of operations could be harmed, investors could lose confidence in our reported financial information and we could be subject to sanctions or investigations by the Nasdaq CM, the SEC or other regulatory authorities. All of our debt obligations and our senior equity securities will have priority over our Common Stock with respect to payment in the event of liquidation, dissolution or winding up, and our outstanding senior securities restrict our ability to pay dividends on our Common Stock. If we were to liquidate, dissolve or wind up, our Common Stock would rank below all debt claims against us and claims of all of our outstanding shares of preferred stock. As a result, holders of Common Stock of the combined company will not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution or winding up of the combined company until after all our obligations to our debt holders have been satisfied and holders of senior equity securities have received any payment or distribution due to them. In addition, our Certificate of Incorporation currently requires us to pay substantial monthly dividends on our Series C Preferred in cash or in stock. Although we can pay such an amount in shares of our Common Stock, the issuance of additional shares may dilute the Company’ s equity and adversely affect the trading price of the shares of our Common Stock.~~