

Action Summary – 1 June 2026

Analyst Theodore R. O'Neill – Exceeding estimates 1Q26

Exceeded 1Q26 estimates. The company reported 1Q26 on May 14 beating our estimate on both revenue and EPS. It reported revenue and an EPS loss of \$0.5MM and \$0.18, respectively versus our estimate of revenue and EPS loss of \$0.1MM and \$0.23, respectively. There is no consensus. The \$0.05 favorable EPS variance was due to higher sales and margins, and lower operating and non-operating expenses.

Focus moves to the Device business, but this is simply an EV technology without wheels. We view the focus on the device business, aka robotics, as a natural extension of its EV business. Early execution in robotics has been encouraging, with initial sales recorded, certification requirements met (April 2), this reflects a disciplined pivot toward near-term revenue opportunities without impairing long-term EV positioning. All of this led to:

- 1) A substantial improvement in operations from what we expected
- 2) A robotics business that has already racked up sales met all certification requirements (April 2) and;
- 3) The company has said it is focusing on improvement of the financial statement including balance sheet and cash flow as it scales the device business

Revision to estimates. For 2026, our EPS loss improves to \$0.47 from \$0.87. For 2027, the EPS loss improves to a loss of \$0.25 from \$0.38. Revenue estimates for both years decline to \$4.5MM from \$15.6MM in 2026 and to \$28.0MM in 2027 from \$128MM.

Valuation appears attractive. Our comp table includes both auto and robotic makers and we believe their shares deserve to trade above the average of its peers due to both its rich technology portfolio and growth profile.

5/29 price: \$0.36	Market cap: \$111MM	2027 Market Cap/Sales: 3.95x	2027 EV / Sales: 6.96x
Shares outstanding: 304MM	Insider ownership: 6%	3-mo. avg. trading volume: >10,000,000	Dividend/Yield: NA/NA

GAAP estimates (EPS in \$ – Revenue in \$millions)

Period	EPS	Revenue	Op. Margin
FY23A	<u>\$(1.792.44)</u>	<u>\$0.8</u>	<u>NM</u>
FY24A	<u>\$(19.61)</u>	<u>\$0.5</u>	<u>NM</u>
FY25A	<u>\$(3.14)</u>	<u>\$0.5</u>	<u>NM</u>
FY26E	<u>\$(0.47)</u>	<u>\$4.5</u>	<u>NM</u>
FY27E	<u>\$(0.25)</u>	<u>\$28.0</u>	<u>(225%)</u>

Note: Numbers may not add due to rounding. See our full model at the back of this report.

Cash & Eq. balance (in \$millions)

• 2023A	• \$4.0
• 2024A	• \$7.1
• 2025A	• \$45.2
• 2026E	• \$12.9
• 2027E	• \$8.5

Long-term notes/debt (in \$millions)

• 2023A	• \$0.0
• 2024A	• \$45.3
• 2025A	• \$56.2
• 2026E	• \$40.0
• 2027E	• \$40.0

Risks/Valuation

- Risks include limited operating history, competition, potential issues with production ramp and scaling, supplier engagement, government regulations and trade policies, shares trading below \$1.00.
- Our \$5.00 target is derived using a discounted future earnings model.

Company description: Founded in 2014, Faraday Future (FF) is a U.S.-based Physical AI ecosystem company dedicated to reshaping the future of robotics and mobility solutions through AI innovation and technologies. FF focuses on two major product strategies within the Embodied AI (EAI) robotics business: EAI humanoid and bionic robots, and EAI automotive-focused robots. By building a Three-in-One ecosystem of "Device, Data, EAI Brain & Open-Source and Open Platform," FF aims to create an evolutionary flywheel: scaled device delivery, data collection and training, continuous evolution of the EAI Brain, stronger product capability, and even larger-scale delivery and deployment. Through this flywheel, FF seeks to maximize its commercial value and lead to the advancement of Physical AI.

Figure 1 – Faraday Future Intelligent Electric, Inc. – One-Year Trading snapshot



Source: FactSet

Quarterly Results

Exceeded 1Q26 estimates. The company reported 1Q26 on May 14, beating our estimate on both revenue and EPS. It reported revenue and an EPS loss of \$0.5MM and \$0.18, respectively versus our estimate of revenue and EPS loss of \$0.1MM and \$0.23, respectively. There is no consensus. The \$0.05 favorable EPS variance was due to higher sales and margins, and lower operating and non-operating expenses (see Figure 2).

Robotics emerges as the new revenue engine; EAI ecosystem strategy takes shape. FF has officially repositioned as a U.S.-based Physical AI ecosystem company, pivoting from EV-first to a three-in-one EAI strategy (Device + Data + EAI Brain). Robotics drove all revenue in 1Q26, with 68 units shipped through April 30 and positive product gross margin achieved. Ecosystem revenue (skill software packages) accounted for 26% of total 1Q26 revenue, validating the platform's recurring revenue potential. All three robot lines (Futurist, Master, Aegis) received all required U.S. regulatory certifications. The EAI vehicle business (FX Super One) remains part of the long-term strategy but full-scale launch is contingent on securing strategic or long-term funding.

Loss from operations narrowed 18% YOY to \$35.9MM. G&A expense declined 33% YOY to \$9.2MM, primarily due to lower professional fees. Adjusting for approximately \$11MM of non-cash charges, including depreciation and amortization, goodwill impairment, and stock-based compensation, operating cash burn was approximately \$31.5MM.

A significantly strengthened balance sheet, with stockholders' equity increasing 148% QOQ to \$19.2MM, marking the second consecutive quarter of positive equity growth. This was supported by the conclusion of the SEC's four-year investigation with no enforcement action and a \$45MM capital raise from U.S. institutional investors in April.

2026 robot shipment target increased to 1,500 units from 1,000, supported by more than 1,200 cumulative non-binding paid pre-orders as of February 4 and a target of 200 cumulative deliveries by the end of 2Q26.

Figure 2 – Faraday Future Intelligent Electric, Inc. – Quarterly Variance Analysis

	2026 Q1E	2026 Q1A	Better / (Worse) than forecast
Income Statement			
Total Revenue	\$100	\$512	\$412
Total cost of revenue	15,000	11,890	3,110
Total Gross Profit	(14,900)	(11,378)	3,522
Operating expenses:			
R&D	5,000	6,990	(1,990)
Sales & Marketing	4,500	5,616	(1,116)
General and administrative	15,000	9,195	5,805
Other operating expenses	1,000	2,726	(1,726)
Total Operating Expenses	25,500	24,527	973
Operating Income	(40,400)	(35,905)	4,495
Total other income/(expense)	(5,000)	(2,932)	2,068
Earnings before taxes	(45,400)	(38,837)	6,563
Tax expense/(benefit)	100	19	81
Net Income	(\$45,500)	(\$38,856)	\$6,644
EPS (includes impact of dividend)	\$ (0.23)	\$ (0.18)	\$0.05
Diluted common shares	199,000	214,503	

Source: Litchfield Hills Research LLC

Valuation Methodology

We believe FFAI is undervalued, and we support that belief with an absolute and relative valuation. To determine our price target, we use a discounted future earnings model. The following valuation techniques are being used:

- 1) The discounted value of all future earnings was used for our price target (see Figure 3)
- 2) Valuation relative to peers (see Figure 4)

Discounted Future Earnings – Basis for Price Target

Our 12-month price target of \$5.00 is based on a discounted earnings model. For valuation purposes, we sum up all future earnings discounted at ~10%, which we feel adequately addresses the risk. We assume the company exhibits orderly revenue growth annually, but there could be significant swings quarter-to-quarter. Our valuation model is shown in Figure 3 below. Note, this model understates future new products and growth through acquisitions and probably understates the tax benefits, but offsetting that, the earnings never have a down year. The implied share price is \$4.74, which we round to \$5.00.

Figure 3 – Faraday Future Intelligent Electric, Inc. – Price Target Calculation

Discounted Future Value		\$4.74
Year	EPS	Discounted EPS
2026	(0.47)	(0.47)
2027	(0.25)	(0.22)
2028	(0.10)	(0.08)
2029	0.00	0.00
2030	0.10	0.07
Terminal Value:		5.45

Source: Litchfield Hills Research LLC

Valuation Relative to Peers

Figure 4 is a summary of our FFAI peer comparison. The shares currently sell at a premium to peer averages, but we believe it is just too soon to evaluate it on this basis.

Figure 4 – Faraday Future Intelligent Electric, Inc. – Comp Tables

FactSet Ticker	Company Name	Closing Price	Market Cap \$MM	EV \$MM	2027 Consensus	
					Market Cap / Sales	EV /Sales
TSLA-US	Tesla Inc (US Listing)	\$435.79	1,636,707	1,930,875	13.87	12.83
RACE-IT	Ferrari N.V. (IT Listing)	\$344.48	86,323	62,991	9.09	6.56
MBG-DE	Mercedes-Benz Group AG (DE Listing)	\$60.90	58,644	119,403	0.37	0.96
BMW-DE	Bayerische Motoren Werke AG (BMW) (Ordinary)	\$87.24	53,717	106,481	0.33	1.01
P911-DE	Porsche AG (DE Listing)	\$54.72	49,602	58,684	1.19	1.31
532977-IN	Bajaj Auto Ltd.	\$110.11	30,776	31,915	3.88	4.05
505200-IN	Eicher Motors	\$75.56	20,740	20,119	6.44	6.37
RIVN-US	Rivian Automotive, Inc.	\$16.30	20,545	21,517	1.76	1.78
2015-HK	Li Auto Inc (Class A 2:1)	\$7.38	15,975	807	0.74	0.18
9868-HK	XPeng, Inc. (Class A)	\$8.15	15,597	13,025	0.92	0.92
9866-HK	NIO Inc. (Class A (HK))	\$5.42	13,433	10,528	0.60	0.50
500182-IN	Hero MotoCorp Ltd.	\$51.56	10,317	8,622	1.74	1.53
LCID-US	Lucid Group, Inc.	\$6.55	2,556	6,706	0.63	1.72
PSNY-US	Polestar Automotive Holding UK PLC	\$23.08	2,154	6,993	0.41	1.41
SERV-US	Serve Robotics Inc	\$9.35	723	668	9.34	6.73
RR-US	Richtech Robotics Inc.	\$3.02	675	347		
AML-GB	Aston Martin Lagonda Global Holdings plc	\$0.60	607	2,357	0.29	1.14
CRNC-US	Cerence Inc	\$12.86	581	746	1.99	2.34
PDYN-US	Palladyne AI Corp	\$8.43	398	414	9.67	8.42
KSCP-US	Knightscope, Inc.	\$2.92	50	43	1.23	0.91
AIIO-US	Robo.ai Inc. Class B	\$2.37	46	64		
ARAI-US	Arrive AI Inc.	\$0.66	34	36	4.56	3.35
PMEC-US	Primech Holdings Ltd.	\$0.70	27	35		
EVTV-US	Envirotech Vehicles Inc	\$2.06	27	29		
CYN-US	Cyngn Inc.	\$1.49	21	(16)		
RVSN-US	Rail Vision Ltd.	\$4.90	11	(9)		
KITT-US	Nauticus Robotics, Inc.	\$1.80	9	27		
	AVERAGE				3.45	3.20
FFAI	Faraday Future Intelligent Electric, Inc.	\$0.36	110	195	3.95	6.96
FFAI Premium/(Discount) to peers:					14%	118%

Source: Litchfield Hills Research LLC and FactSet

Financial Estimates and Guidance

The company does not provide financial guidance. Our model assumes that 2026 is a transition year as it moves into production and 2027 is a solid ramp in demand.

Figure 5 – Faraday Future Intelligent Electric, Inc. – Income Statement (\$'000)

December ending year	2023A Year	2024A Year	2025A Year	2026E Year	2027E Year
Total Revenue	\$784	\$539	\$536	\$4,512	\$28,000
YoY growth		-31%	-1%	742%	521%
Total cost of revenue	\$42,607	\$84,029	\$98,302	\$38,890	\$22,000
Total Gross Profit	(\$41,823)	(\$83,490)	(\$97,766)	(\$34,378)	\$6,000
Operating expenses:					
R&D	132,021	25,227	16,603	21,890	19,000
Sales & Marketing	22,836	9,278	12,310	20,116	17,000
General and administrative	82,888	43,164	55,733	35,195	29,000
Other operating expenses	6,486	(11,421)	148,638	5,726	4,000
Total Operating Expenses	244,231	66,248	233,284	82,927	69,000
Operating income	(286,054)	(149,738)	(331,050)	(117,305)	(63,000)
Operating income %	NA	NA	NA	-2600%	-225%
Total other income/(expense)	(145,581)	(206,376)	(59,583)	(11,932)	(12,000)
Earnings before taxes	(431,635)	(356,114)	(390,633)	(129,237)	(75,000)
Tax expense/(benefit)	109	(267)	63	319	400
Net Income	(\$431,744)	(\$355,847)	(\$390,696)	(\$129,556)	(\$75,400)
EPS (includes impact of dividend)	(\$1,792.44)	(\$19.61)	(\$3.14)	(\$0.47)	(\$0.25)
Dividend	0	7,576			
Diluted common shares	241	18,530	124,300	273,626	306,500

Source: Company reports and Litchfield Hills Research LLC

Figure 6 – Faraday Future Intelligent Electric, Inc. – Balance Sheet (\$000)

December ending year	FY2027E	FY2026E	FY2025A	FY2024A	FY2023A
Balance sheet					
Current Assets					
Cash and S.T.I.	\$8,519	\$12,919	\$45,204	\$7,174	\$4,025
Accounts receivable	10,000	1,000	600	0	7
Inventories	30,000	2,000	3,258	27,486	34,229
Other assets	<u>30,000</u>	<u>26,000</u>	<u>19,462</u>	<u>37,221</u>	<u>53,103</u>
Total Current Assets	78,519	41,919	68,524	71,881	91,364
Net PP&E	180,000	145,000	155,303	348,587	417,812
Right-to-use asset	7,000	15,000	4,950	1,761	16,486
Other non-current	<u>30,000</u>	<u>48,000</u>	<u>49,085</u>	<u>3,171</u>	<u>4,877</u>
Total Assets	\$295,519	\$249,919	\$277,862	\$425,400	\$530,539
Current Liabilities					
Accounts and accrued payable	\$150,000	\$130,000	\$115,955	\$128,168	\$155,561
Warrant liabilities	1,000	1,000	1,950	28,864	285
Other short term	2,500	2,500	22,327	26,141	4,420
Short-term debt	<u>5,000</u>	<u>6,000</u>	<u>7,939</u>	<u>9,534</u>	<u>100,910</u>
Total current liabilities	158,500	139,500	148,171	192,707	261,176
Financing and lease liabilities	55,000	59,000	50,338	38,712	39,789
Notes payable	<u>40,000</u>	<u>40,000</u>	<u>56,234</u>	<u>45,264</u>	<u>0</u>
Total Liabilities	265,500	249,500	270,103	310,433	302,303
Stockholders' Equity					
Preferred stock	1	1	0	0	0
Common stock	16	16	21	6	0
Additional paid-in-capital	4,900,000	4,800,000	4,673,866	4,421,563	4,180,873
Retained earnings	(4,909,998)	(4,834,598)	(4,705,042)	(4,314,346)	(3,958,499)
Cum. trans. adj. and treasury stock	<u>40,000</u>	<u>35,000</u>	<u>38,914</u>	<u>7,744</u>	<u>5,862</u>
Total stockholders' equity	<u>30,019</u>	<u>419</u>	<u>7,759</u>	<u>114,967</u>	<u>228,236</u>
Total Liabilities and equity	\$295,519	\$249,919	\$277,862	\$425,400	\$530,539

Source: Company reports and Litchfield Hills Research LLC

Figure 7 – Faraday Future Intelligent Electric, Inc. – Cash Flow (\$000)

	FY27E	FY26E	FY25A	FY24A
Net Income	(\$75,400)	(\$129,556)	(\$390,696)	(\$355,847)
Receivables	(\$9,000)	(\$400)	(\$600)	\$7
Inventories	(\$28,000)	\$1,258	\$24,228	\$6,743
Other assets	(\$4,000)	(\$6,538)	\$17,759	\$15,882
Net PP&E	(\$35,000)	\$10,303	\$193,284	\$69,225
Right-to-use asset	\$8,000	(\$10,050)	(\$3,189)	\$14,725
Other non-current	\$18,000	\$1,085	(\$45,914)	\$1,706
Accounts and accrued payable	\$20,000	\$14,045	(\$12,213)	(\$27,393)
Warrant liabilities	\$0	(\$950)	(\$26,914)	\$28,579
Other short term	\$0	(\$19,827)	(\$3,814)	\$21,721
Short-term debt	(\$1,000)	(\$1,939)	(\$1,595)	(\$91,376)
Financing and lease liabilities	(\$4,000)	\$8,662	\$11,626	(\$1,077)
Notes payable	\$0	(\$16,234)	\$10,970	\$45,264
Other long term liabilities	\$1,000	(\$4,360)	(\$18,390)	\$32,412
Preferred stock	\$0	\$1	\$0	\$0
Common stock	\$0	(\$5)	\$15	\$6
Additional paid-in-capital	\$100,000	\$126,134	\$252,303	\$240,690
Accum. Other and Treasury	\$5,000	(\$3,914)	\$31,170	\$1,882
Dividends and transition adjustments			\$0	\$0
Total Cash Flow	(\$4,400)	(\$32,285)	\$38,030	\$3,149

Source: Litchfield Hills Research LLC

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