LITCHFIELD HILLS RESEARCH

Faraday Future Intelligent Electric, Inc. FFAI- Buy-USD $66 PT

Action Summary – 19 August 2026

Analyst Theodore R. O'Neill – Continued robotics rollout 2Q26 – Raising estimates – Reiterate our Buy rating and $66 PT.

Continued positive execution on its robotics rollout. The company is scaling product deliveries and achieving positive product gross margins, with cumulative revenue for the first six months of 2026 growing to $1.35 million, compared to $370,000 in the prior-year period. It reiterated guidance to ship 2,000 robots by the end of 2026, supported by expanding demand across education and other key use cases. The recent FCC policy on robotics compliance presents a structural opportunity for it to strengthen its US-based manufacturing and supply chain.

Automotive developments continue. The company remains focused on connecting its intelligent mobility operations with its broader EAI ecosystem, including intelligent electric vehicles, robotics, AI-enabled technology, and related platform initiatives. The company began rollout of FX Super One in the U.A.E. in 1H26 but subsequently paused it due to regional conflict. It continues development of a new 800V project for EVs.

Revision to estimates. We are raising our 2026 revenue estimates to partially account for the expected increase in full year robotic deliveries, however, if the company hits its own target, it will likely overshoot our estimates. For 2026 our new revenue and EPS estimates are $5.8MM and a loss of $59.21, respectively, up from $4.5MM and a loss of $71, respectively. For 2027 our revenue is unchanged, but our EPS loss declines to $30.92 from a loss of $37 partially as a result of a change in share count.

Valuation appears attractive. Our comp table includes both auto and robotic makers and we believe the shares deserve to trade above the peer average given the company's rich technology portfolio and growth profile. However, the shares currently sell at a discount on one measure and a premium on another against peer averages. We believe the apparent EV-based premium largely reflects its leveraged capital structure, with enterprise value substantially exceeding its market capitalization.

8/18 price: $3.31	**Market cap: $13MM**	**2027 Market Cap/Sales: 0.50x**	**2027 EV / Sales: 4.39x**
Shares outstanding: 3.9MM	**Insider ownership: 6%**	**3-mo. avg. trading volume: >100,000**	**Dividend/Yield: NA/NA**

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

Period	EPS	Revenue	Op. Margin
FY23A	$(268,867)	$0.8	NM
FY24A	$(2,942)	$0.5	NM
FY25A	$(471)	$0.5	NM
FY26E	$(59)	$5.8	NM
FY27E	$(31)	$28.0	(304%)

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	$1.7
2027E	$2.3

Long-term notes/debt (in $millions)

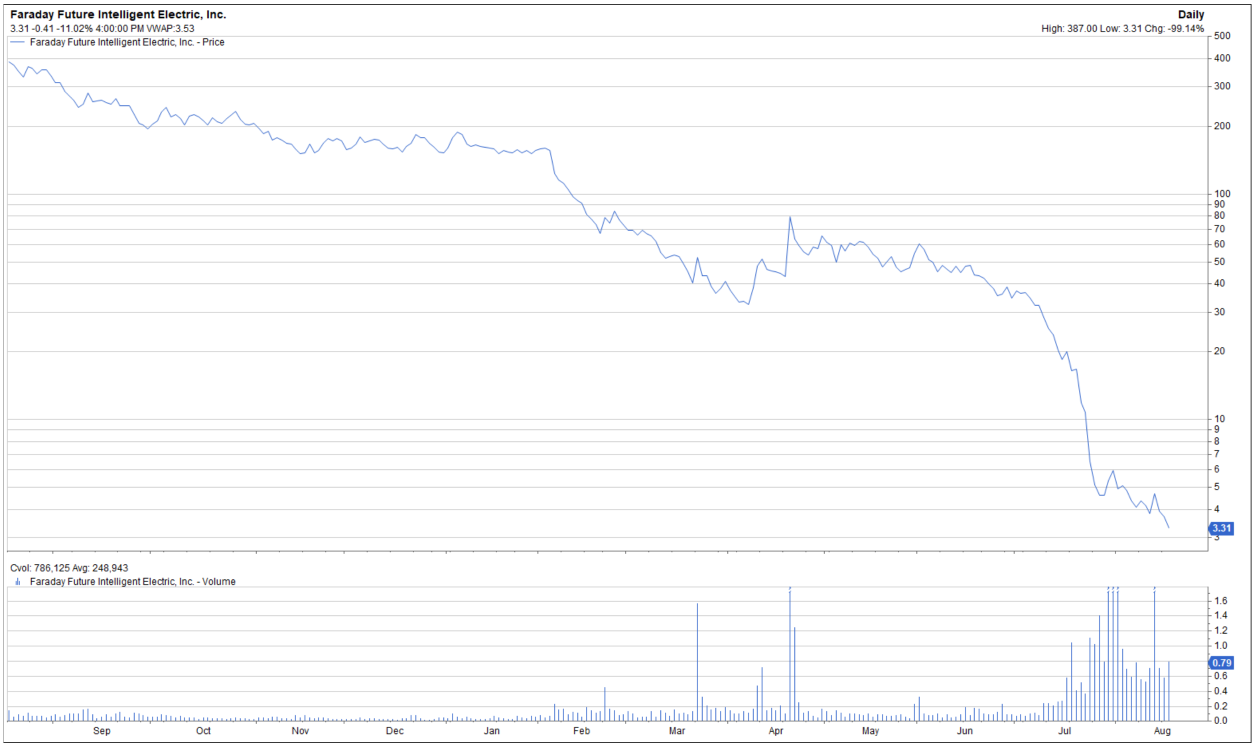
2023A	$0.0
2024A	$45.3
2025A	$56.2
2026E	$40.0
2027E	$40.0

Risks/Valuation

- Risks include limited operating history, competition, potential issues with production ramp and scaling, supplier engagement, government regulations and trade policies.
- Our $66.00 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

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 2)
2) Valuation relative to peers (see Figure 3)

Discounted Future Earnings – Basis for Price Target

Our 12-month price target of $66.00 is based on a discounted earnings model. For valuation purposes, we sum up all future earnings discounted at ~14%, which we believe more than adequately addresses the risks in the EV and robotics sectors. We anticipate lowering that discount rate as the company executes its plans. Our previous target was based on a discount rate of 10%. 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 2 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 $66.14, which we round to $66.00.

Figure 2 – Faraday Future Intelligent Electric, Inc. – Price Target Calculation

Discounted Future Value		$66.14
		Discounted
Year	EPS	EPS
2026	(59.21)	(59.21)
2027	(30.92)	(27.12)
2028	(15.00)	(11.54)
2029	(5.00)	(3.37)
2030	0.00	0.00
	Terminal Value:	167.39

Source: Litchfield Hills Research LLC

Valuation Relative to Peers

Figure 3 is a summary of our FFAI peer comparison. The shares currently sell at a discount on one measure and a premium on another against peer averages. We believe the apparent EV-based premium largely reflects its leveraged capital structure, with enterprise value substantially exceeding its market capitalization.

Figure 3 – Faraday Future Intelligent Electric, Inc. – Comp Tables

FactSet Ticker	Company Name	Closing Price	Market Cap $MM	EV $MM	2027 Consensus Market Cap / Sales	2027 Consensus EV /Sales
TSLA-US	Tesla Inc (US Listing)	$339.30	1,340,081	1,555,839	11.07	9.70
RACE-IT	Ferrari N.V. (IT Listing)	$419.04	98,032	70,100	10.10	7.82
MBG-DE	Mercedes-Benz Group AG (DE Listing)	$52.74	50,787	118,262	0.32	0.96
P911-DE	Porsche AG (DE Listing)	$51.63	46,804	55,072	1.14	1.28
BMW-DE	Bayerische Motoren Werke AG (BMW) (Ordinary)	$67.60	41,628	95,612	0.27	1.01
532977-IN	Bajaj Auto Ltd.	$122.41	34,214	35,484	4.11	4.28
505200-IN	Eicher Motors	$84.25	23,128	22,590	6.88	6.71
RIVN-US	Rivian Automotive, Inc.	$14.87	21,530	21,542	1.82	1.67
2015-HK	Li Auto Inc (Class A 2:1)	$6.18	13,435	1,218	0.58	0.07
500182-IN	Hero MotoCorp Ltd.	$60.24	12,057	10,767	1.96	1.76
9866-HK	NIO Inc. (Class A (HK))	$4.60	11,405	8,431	0.46	0.41
9868-HK	XPeng, Inc. (Class A)	$5.94	11,387	8,703	0.64	0.69
LCID-US	Lucid Group, Inc.	$6.22	2,451	8,079	0.65	2.29
PSNY-US	Polestar Automotive Holding UK PLC	$13.93	2,030	7,211	0.48	1.51
AIIO-US	Robo.ai Inc. Class B	$2.88	487	504		
AML-GB	Aston Martin Lagonda Global Holdings plc	$0.47	473	2,411	0.22	1.17
SERV-US	Serve Robotics Inc	$4.90	425	255	14.75	5.22
RR-US	Richtech Robotics Inc.	$1.72	387	25		
CRNC-US	Cerence Inc	$8.52	385	500	1.33	1.61
PDYN-US	Palladyne AI Corp	$6.47	319	353	7.74	6.39
KSCP-US	Knightscope, Inc.	$1.43	34	30	0.87	0.66
PMEC-US	Primech Holdings Ltd.	$0.48	19	25		
EVTV-US	Azio AI Holdings, Inc.	$1.37	18	19		
CYN-US	Cyngn Inc.	$1.06	15	(16)		
ARAI-US	Arrive AI Inc.	$0.25	13	12	6.50	6.42
RVSN-US	Rail Vision Ltd.	$5.00	11	(8)		
KITT-US	Nauticus Robotics, Inc.	$0.95	7	41		
	AVERAGE				3.60	3.08
FFAI	Faraday Future Intelligent Electric, Inc.	$3.72	14	123	0.50	4.39
	FFAI Premium/(Discount) to peers:				**-86%**	**43%**

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 sees a solid ramp in demand. Share count used in our calculations is lower than the outstanding because we assume some shares are anti-dilutive,

Figure 4 – 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	$5,848	$28,000
YoY growth		*-31%*	*-1%*	*991%*	*379%*
Total cost of revenue	$42,607	$84,029	$98,302	$45,428	$22,000
Total Gross Profit	($41,823)	($83,490)	($97,766)	($39,580)	$6,000
Operating expenses:					
R&D	132,021	25,227	16,603	19,133	19,000
Sales & Marketing	22,836	9,278	12,310	11,876	12,000
General and administrative	82,888	43,164	55,733	51,500	56,000
Other operating expenses	6,486	(11,421)	148,638	8,343	4,000
Total Operating Expenses	244,231	66,248	233,284	90,852	91,000
Operating income	(286,054)	(149,738)	(331,050)	(130,432)	(85,000)
Operating income %	NMF	NMF	NMF	NMF	-304%
Total other income/(expense)	(145,581)	(206,376)	(59,583)	(11,040)	(12,000)
Earnings before taxes	(431,635)	(356,114)	(390,633)	(141,472)	(97,000)
Tax expense/(benefit)	109	(267)	63	(687)	400
Net Income	($431,744)	($355,847)	($390,696)	($140,785)	($97,400)
EPS (includes impact of dividend)	($268,866.48)	($2,941.50)	($471.48)	($59.21)	($30.92)
Dividend		7,576			
Diluted common shares	2	124	829	2,378	3,150

Source: Company reports and Litchfield Hills Research LLC

Figure 5 – 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.	$2,290	$1,690	$45,204	$7,174	$4,025
Accounts receivable	5,000	1,000	600	0	7
Inventories	8,000	2,000	3,258	27,486	34,229
Other assets	30,000	26,000	19,462	37,221	53,103
Total Current Assets	**45,290**	**30,690**	**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	30,000	48,000	49,085	3,171	4,877
Total Assets	**$262,290**	**$238,690**	**$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	5,000	6,000	7,939	9,534	100,910
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	40,000	40,000	56,234	45,264	0
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	(4,943,227)	(4,845,827)	(4,705,042)	(4,314,346)	(3,958,499)
Cum. trans. adj. and treasury stock	40,000	35,000	38,914	7,744	5,862
Total stockholders' equity	(3,210)	(10,810)	7,759	114,967	228,236
Total Liabilities and equity	**$262,290**	**$238,690**	**$277,862**	**$425,400**	**$530,539**

Source: Company reports and Litchfield Hills Research LLC

Figure 6 – Faraday Future Intelligent Electric, Inc. – Cash Flow ($000)

	FY27E	FY26E	FY25A
Net Income	($97,400)	($140,785)	($390,696)
Receivables	($4,000)	($400)	($600)
Inventories	($6,000)	$1,258	$24,228
Other assets	($4,000)	($6,538)	$17,759
Net PP&E	($35,000)	$10,303	$193,284
Right-to-use asset	$8,000	($10,050)	($3,189)
Other non-current	$18,000	$1,085	($45,914)
Accounts and accrued payable	$20,000	$14,045	($12,213)
Warrant liabilities	$0	($950)	($26,914)
Other short term	$0	($19,827)	($3,814)
Short-term debt	($1,000)	($1,939)	($1,595)
Financing and lease liabilities	($4,000)	$8,662	$11,626
Notes payable	$0	($16,234)	$10,970
Other long term liabilities	$1,000	($4,360)	($18,390)
Preferred stock	$0	$1	$0
Common stock	$0	($5)	$15
Additional paid-in-capital	$100,000	$126,134	$252,303
Accum. Other and Treasury	$5,000	($3,914)	$31,170
Dividends and transition adjustments			$0
Total Cash Flow	$600	($43,514)	$38,030

Source: Litchfield Hills Research LLC

Disclosures:

Analyst Certification
We, the Litchfield Hills Research Department, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject company and the underlying securities.

FINRA Compliant Research Report
We, the Litchfield Hills Research Department, hereby certify that this report is compliant with FINRA research rules 2241, 3110, and the report has been reviewed by a Supervisory Analyst.

MiFID II Compliant Research Report
Our research is classified as a minor non-monetary benefit under MiFID II. This applies to all forms of transmission, including email, website and financial platforms such as Bloomberg, FactSet, S&P Global, Refinitiv and 11 others. We do not seek payment from the asset management community and do not have any execution function. Investors can continue to receive our research under the MiFID II regime without the need for a contract for services to be put in place. This applies to all forms of transmission, including email, websites and financial platforms.

Litchfield Hills Research LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.
HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.
SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.
Total return is defined as price appreciation plus dividend yield.

Other Disclosures
Litchfield Hills Research, LLC ("LHR") is not a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission nor a member of Financial Industry Regulatory Authority. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject LHR or any divisions, subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction.

All material presented in this report, unless specifically indicated otherwise, is under copyright to LHR and the subject company. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of LHR or the subject company. All trademarks, service marks and logos used in this report are trademarks, service marks, registered trademarks, or service marks of LHR or its affiliates. The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. LHR may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable, appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. LHR does not offer advice on the tax consequences of investment, and you are advised to contact an independent tax adviser. LHR believes the information and opinions in the Disclosure Appendix of this report are accurate and complete. The information and opinions presented in this report were obtained or derived from sources LHR believes are reliable, but LHR makes no representations as to their accuracy or completeness.

Ownership and Material Conflicts of Interest
The analyst owns no shares of the subject company. The analyst and his family have no known material conflicts of interest in authoring this report.

Investment Banking and Fees for Services
Litchfield Hills Research has not received compensation for advisory or investment banking services from the Company in the past 12 months. Litchfield Hills Research LLC has received compensation from the company for distribution and investor targeting services.

Market Making
Litchfield Hills Research LLC does not make a market in the subject company's securities.

Additional information is available upon request. LHR accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to LHR. This report is not to be relied upon in substitution for the exercise of independent judgment.