# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

**(MARK ONE)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the quarterly period ended September 30, 2026**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the transition period from to**

**Commission File Number: 001-39408**

# Lucid Group, Inc.

**(Exact name of registrant as specified in its charter)**

| **Delaware** | **85-0891392** |
|---|---|
| *(State or other jurisdiction of incorporation or organization)* | *(I.R.S. Employer Identification No.)* |

**7373 Gateway Boulevard, Newark, CA 94560**
***(Address of principal executive offices) (Zip code)***

**(510) 648-3553**
***(Registrant's telephone number, including area code)***

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

| **Title of each class** | **Trading symbol(s)** | **Name of each exchange on which registered** |
|---|---|---|
| Class A Common Stock, $0.0001 par value per share | LCID | The Nasdaq Stock Market LLC |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large Accelerated Filer | ☒ | Accelerated Filer | ☐ |
| Non-accelerated Filer | ☐ | Smaller Reporting Company | ☐ |
| | | Emerging Growth Company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Number of shares of the registrant's common stock outstanding on November 3, 2026: 396,252,830

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements may be identified by the use of words such as "estimate," "plan," "project," "forecast," "intend," "will," "shall," "expect," "anticipate," "believe," "seek," "target," "continue," "could," "may," "might," "possible," "potential," "predict," "scheduled," "aiming," "targeting," "objective," "focus," "strategic" or other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. They appear in a number of places throughout this Quarterly Report on Form 10-Q and include, but are not limited to, statements regarding our intentions, beliefs or current expectations concerning, among other things, results of operations, financial condition, liquidity, capital expenditures, strategic priorities and cash flow improvement plan, expected savings, prospects, growth, production volumes, strategies, management, and the markets in which we operate, including expectations of financial and operational metrics, projections of market opportunity, market share and product sales, expectations and timing related to commercial product launches, future strategies and products, including with respect to battery and powertrain systems, software, and strategic partnerships, technology features and capabilities, manufacturing capabilities and facilities, logistics and supply chain, studio openings, sales channels and strategies, changes to future or existing vehicle programs, expansion and the potential success of our distribution strategy, our financial and operating outlook, future market launches and international expansion, including the timing and anticipated value to us of our manufacturing facility in Saudi Arabia, our needs for additional financing, and expectations regarding the potential of Lucid's technology. Such forward-looking statements are based on currently available market material and our current expectations, beliefs and forecasts concerning future developments. Factors that may impact such forward-looking statements include:

- changes in domestic and foreign business, economic, market, financial, political, regulatory and legal conditions, including changes in policies, imposition or proposed imposition of tariffs, export controls, threat of a trade war, the risk of a global economic recession or other downturn, bank closures and liquidity concerns at financial institutions, and global or regional conflicts or other geopolitical events, including the ongoing military operations in the Gulf region and the broader Middle East, the escalating hostilities affecting Saudi Arabia, and the potential further escalation or broadening of such conflicts;
- risks related to changes in overall demand for our products, services, and technology, and cancellation of orders for our vehicles;
- risks related to prices and availability of commodities and components, including rare-earth minerals, semiconductors and their related products, and other materials, our supply chain, logistics, inventory management and quality control, and our ability to complete the tooling of our manufacturing facilities over time and scale production of our vehicles;
- risks related to the uncertainty of our projected financial and operational information;
- risks related to the timing of expected business milestones and commercial product launches;
- risks related to the construction and expansion of our manufacturing facilities and the increase of our production capacity;
- our ability to manage expenses and control costs, including the execution of the cash flow improvement plan;
- risks related to future market adoption of our offerings;
- the quality, reliability, and performance of our vehicles and services;
- the effects of competition and the pace and depth of EV adoption generally on our business;
- changes in regulatory requirements, policies, and governmental incentives;
- changes in fuel and energy prices;
- our ability to rapidly innovate;
- our ability to enter into or maintain partnerships with original equipment manufacturers, vendors and technology providers, including our ability to realize the anticipated benefits of existing strategic partnerships;
- our ability to effectively recruit, integrate, motivate, and retain key employees, including recent changes to our executive team;
- risks related to vehicle recalls;
- our ability to establish and expand our brand, and capture additional market share, and the risks associated with negative press or reputational harm;
- risks related to our outstanding Redeemable Convertible Preferred Stock and Convertible Senior Notes;
- availability, reduction or elimination of, and our ability to obtain and effectively utilize, Zero Emission Vehicle ("ZEV") credits, tax incentives, and other governmental and regulatory programs and incentives;
- our ability to conduct equity, equity-linked, or debt financing in the future;

- our ability to pay interest and principal on our current or any future indebtedness;
- future changes to vehicle specifications which may impact performance, features, pricing, and other expectations;
- the outcome of any potential litigation, government and regulatory proceedings, investigations and inquiries; and
- other factors disclosed in this Quarterly Report on Form 10-Q or our other filings with the U.S. Securities and Exchange Commission (the "SEC").

The forward-looking statements contained in this Quarterly Report on Form 10-Q are based on our current expectations and beliefs concerning future developments and their potential effects on our business. There can be no assurance that future developments affecting our business will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading "Risk Factors" in Part II, Item 1A. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. There may be additional risks that we currently do not know or that we currently believe are immaterial that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements reflect our expectations, plans or forecasts of future events and views as of the date of this Quarterly Report on Form 10-Q. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. The forward-looking statements should not be relied upon as representing our assessments as of any date subsequent to the date of this Quarterly Report on Form 10-Q.

**Frequently Used Terms**

Unless otherwise stated in Item 1. Financial Statements and accompanying footnotes, or the context otherwise requires, references in this Quarterly Report on Form 10-Q to:

"2026 Notes" are to the 1.25% Convertible Senior Notes due 2026;

"2030 Notes" are to the 5.00% Convertible Senior Notes due 2030;

"2031 Notes" are to the 7.00% Convertible Senior Notes due 2031;

"AMP-1" are to our Advanced Manufacturing Plant-1 in Casa Grande, Arizona;

"AMP-2" are to our planned Advanced Manufacturing Plant-2 in Saudi Arabia, expanding to include the production of our Midsize platform, which building construction is substantially completed, with remaining work focused on commissioning and fit-out activities;

"Ayar" are to Ayar Third Investment Company, an affiliate of the PIF and the controlling stockholder of the Company;

"Board" or "Board of Directors" are to the board of directors of Lucid Group, Inc., a Delaware corporation;

"Certificate of Designations" refers to Series A Certificate of Designations, Series B Certificate of Designations, and Series C Certificate of Designations, together;

"Churchill" are to Churchill Capital Corp IV, a Delaware corporation and our predecessor company prior to the consummation of the Transactions, which changed its name to Lucid Group, Inc. following the consummation of the Transactions, and its consolidated subsidiaries;

"Closing" are to the consummation of the Transactions;

"Closing Date" are to July 23, 2021, the date on which the Transactions were consummated;

"common stock" are to the Class A common stock of Lucid Group, Inc., par value $0.0001 per share;

"Convertible Senior Notes" refers to the 2026 Notes, the 2030 Notes, and the 2031 Notes;

"EV" are to electric vehicle;

"Investor Rights Agreement" are to the Investor Rights Agreement, dated as of February 22, 2021 and as amended from time-to-time, by and among the Company, the Sponsor, Ayar and certain other parties thereto;

"Legacy Lucid" are to Atieva, Inc., d/b/a Lucid Motors, an exempted company incorporated with limited liability under the laws of the Cayman Islands, and its consolidated subsidiaries before the Closing Date;

"Merger" are to the merger of a merger subsidiary of Churchill and Atieva, Inc., with Atieva, Inc. surviving such merger as a wholly owned subsidiary of Churchill;

"Merger Agreement" are to that certain Agreement and Plan of Merger, dated as of February 22, 2021, by and among Churchill, Legacy Lucid and Air Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of Churchill, as the same has been or may be amended, modified, supplemented or waived from time-to-time;

"PIF" are to the Public Investment Fund, the sovereign wealth fund of Saudi Arabia;

"Redeemable Convertible Preferred Stock" are to the Series A Convertible Preferred Stock, Series B Convertible Preferred Stock, and Series C Convertible Preferred Stock, together;

"Reverse Stock Split" are to the one-for-ten (1:10) reverse stock split of our common stock that became effective on August 29, 2025;

"Series A Certificate of Designations" refers to the Certificate of Designations of Series A Redeemable Convertible Preferred Stock;

"Series A Redeemable Convertible Preferred Stock" are to the Series A Convertible Preferred Stock of Lucid Group, Inc., par value $0.0001 per share;

"Series A Subscription Agreement" refers to the subscription agreement entered into on March 24, 2024, by the Company and Ayar to purchase from the Company 100,000 shares of its Series A Convertible Preferred Stock;

"Series B Certificate of Designations" refers to the Certificate of Designations of Series B Redeemable Convertible Preferred Stock;

"Series B Redeemable Convertible Preferred Stock" are to the Series B Convertible Preferred Stock of Lucid Group, Inc., par value $0.0001 per share;

"Series B Subscription Agreement" refers to the subscription agreement entered into on August 4, 2024, by the Company and Ayar to purchase from the Company 75,000 shares of its Series B Convertible Preferred Stock;

"Series C Certificate of Designations" refers to the Certificate of Designations of Series C Redeemable Convertible Preferred Stock;

"Series C Redeemable Convertible Preferred Stock" are to the Series C Convertible Preferred Stock of Lucid Group, Inc., par value $0.0001 per share;

"Series C Subscription Agreement" refers to the subscription agreement entered into on April 14, 2026, by the Company and Ayar to purchase from the Company 55,000 shares of its Series C Convertible Preferred Stock;

"Sponsor" are to Churchill Sponsor IV LLC, a Delaware limited liability company and an affiliate of M. Klein and Company;

"Transactions" are to the Merger, together with the other transactions consummated under the Merger Agreement and the related agreements; and

Unless the context otherwise requires, all references in this section to "Lucid," the "Company," "we," "us," "our," and other similar terms refer to Legacy Lucid and its subsidiaries prior to the Closing, and Lucid Group, Inc., a Delaware corporation, and its subsidiaries after the Closing.

**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**LUCID GROUP, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(Unaudited)**
**(in thousands, except share and per share data)**

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 930,742 | $ 997,827 |
| Short-term investments (including nil and $50,000 associated with a related party as of September 30, 2026 and December 31, 2025, respectively) | 4,787 | 631,093 |
| Accounts receivable, net (including $163,942 and $120,540 from a related party as of September 30, 2026 and December 31, 2025, respectively) | 199,346 | 177,162 |
| Inventory | 1,222,492 | 1,109,529 |
| Prepaid expenses | 60,131 | 59,606 |
| Other current assets | 342,300 | 324,434 |
| Total current assets | 2,759,798 | 3,299,651 |
| Property, plant and equipment, net | 4,374,861 | 3,978,132 |
| Right-of-use assets | 243,925 | 241,974 |
| Long-term investments (including $12,973 and $24,259 associated with a related party as of September 30, 2026 and December 31, 2025, respectively) | 12,973 | 512,241 |
| Other noncurrent assets | 419,234 | 354,983 |
| **TOTAL ASSETS** | **$ 7,810,791** | **$ 8,386,981** |
| | | |
| **LIABILITIES** | | |
| Current liabilities: | | |
| Accounts payable | $ 241,099 | $ 487,521 |
| Finance lease liabilities, current portion | 5,054 | 84,222 |
| Current portion of debt ($503,356 and $467,963 associated with a related party as of September 30, 2026 and December 31, 2025, respectively) | 707,545 | 671,746 |
| Other current liabilities (including $90,432 and $81,580 associated with a related party as of September 30, 2026 and December 31, 2025, respectively) | 1,232,717 | 1,392,641 |
| Total current liabilities | 2,186,415 | 2,636,130 |
| Finance lease liabilities, net of current portion | 101,518 | 104,559 |
| Debt, net of current portion (including $1,690,917 and nil associated with a related party as of September 30, 2026 and December 31, 2025, respectively) | 3,741,353 | 2,046,576 |
| Other long-term liabilities (including $156,918 and $123,198 associated with related parties as of September 30, 2026 and December 31, 2025, respectively) | 671,858 | 582,739 |
| Derivative liabilities associated with redeemable convertible preferred stock (related party) | 48,479 | 16,200 |
| Total liabilities | 6,749,623 | 5,386,204 |
| Commitments and contingencies (Note 11) | | |
| | | |
| **REDEEMABLE CONVERTIBLE PREFERRED STOCK** | | |
| Preferred stock 10,000,000 shares authorized as of September 30, 2026 and December 31, 2025, Series A redeemable convertible preferred stock, par value $0.0001; 100,000 shares issued and outstanding as of September 30, 2026 and December 31, 2025; liquidation preference of $1,534,753 and $1,350,441 as of September 30, 2026 and December 31, 2025, respectively (related party) | 1,534,739 | 1,339,641 |
| Preferred stock 10,000,000 shares authorized as of September 30, 2026 and December 31, 2025, Series B redeemable convertible preferred stock, par value $0.0001; 75,000 shares issued and outstanding as of September 30, 2026 and December 31, 2025; liquidation preference of $1,078,042 and $949,249 as of September 30, 2026 and December 31, 2025, respectively (related party) | 1,078,032 | 943,849 |
| Preferred stock 10,000,000 shares authorized as of September 30, 2026 and December 31, 2025, Series C redeemable convertible preferred stock, par value $0.0001; 55,000 and 0 shares issued and outstanding as of September 30, 2026 and December 31, 2025; liquidation preference of $591,852 and nil as of September 30, 2026 and December 31, 2025, respectively (related party) | 543,397 | — |
| Total redeemable convertible preferred stock | 3,156,168 | 2,283,490 |
| | | |
| **STOCKHOLDERS' EQUITY (DEFICIT)** | | |
| Common stock, par value $0.0001; 1,500,000,000 shares authorized as of September 30, 2026 and December 31, 2025; 396,243,868 and 327,451,844 shares issued and 396,158,086 and 327,366,062 shares outstanding as of September 30, 2026 and December 31, 2025, respectively | 40 | 33 |
| Additional paid-in capital | 16,428,919 | 16,337,023 |
| Treasury stock, at cost, 85,782 shares at September 30, 2026 and December 31, 2025 | (20,716) | (20,716) |
| Accumulated other comprehensive income | 1,556 | 11,692 |
| Accumulated deficit | (18,504,799) | (15,610,745) |
| Total stockholders' equity (deficit) | (2,095,000) | 717,287 |
| **TOTAL LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)** | **$ 7,810,791** | **$ 8,386,981** |

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

**LUCID GROUP, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**
**(Unaudited)**
**(in thousands, except share and per share data)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Revenue (including $79,433 and $34,251 from a related party for the three months ended September 30, 2026 and 2025, and $213,991 and $69,594 for the nine months ended September 30, 2026 and 2025, respectively) | $ 350,319 | $ 336,580 | $ 1,038,131 | $ 831,060 |
| **Costs and expenses** | | | | |
| Cost of revenue | 608,624 | 670,197 | 2,034,866 | 1,665,540 |
| Research and development | 311,821 | 325,305 | 968,827 | 850,390 |
| Selling, general and administrative | 286,191 | 283,097 | 890,799 | 752,129 |
| Workforce reduction charges | 1,270 | — | 72,879 | — |
| Total cost and expenses | 1,207,906 | 1,278,599 | 3,967,371 | 3,268,059 |
| Loss from operations | (857,587) | (942,019) | (2,929,240) | (2,436,999) |
| **Other income (expense), net** | | | | |
| Change in fair value of common stock warrant liability | — | 444 | — | 18,627 |
| Change in fair value of equity securities of a related party | (1,226) | 916 | (10,898) | (8,589) |
| Change in fair value of derivative liabilities and subscription agreements associated with redeemable convertible preferred stock (related party) | 115,176 | (36,375) | 225,341 | 356,800 |
| Gain on extinguishment of debt | — | — | — | 116,360 |
| Interest income | 11,420 | 34,643 | 34,158 | 131,170 |
| Interest expense (including $44,995 and $6,260 to a related party for the three months ended September 30, 2026 and 2025, and $79,667 and $14,872 for the nine months ended September 30, 2026 and 2025, respectively) | (69,871) | (25,571) | (158,761) | (61,203) |
| Other expense, net | (29,063) | (10,829) | (53,719) | (4,292) |
| Total other income (expense), net | 26,436 | (36,772) | 36,121 | 548,873 |
| Loss before provision for (benefit from) income taxes | (831,151) | (978,791) | (2,893,119) | (1,888,126) |
| Provision for (benefit from) income taxes | (292) | (363) | 935 | (4,095) |
| **Net loss** | (830,859) | (978,428) | (2,894,054) | (1,884,031) |
| Accretion of redeemable convertible preferred stock (related party) | (249,911) | (56,121) | (580,298) | (620,869) |
| **Net loss attributable to common stockholders, basic** | (1,080,770) | (1,034,549) | (3,474,352) | (2,504,900) |
| Interest expense on 2026 Notes | — | — | — | 4,283 |
| Gain on extinguishment of debt | — | — | — | (116,360) |
| **Net loss attributable to common stockholders, diluted** | $ (1,080,770) | $ (1,034,549) | $ (3,474,352) | $ (2,616,977) |
| Weighted-average shares outstanding attributable to common stockholders | | | | |
| Basic | 394,598,004 | 312,166,297 | 368,570,326 | 307,177,163 |
| Diluted | 394,598,004 | 312,166,297 | 368,570,326 | 307,859,815 |
| Net loss per share attributable to common stockholders | | | | |
| Basic | $ (2.74) | $ (3.31) | $ (9.43) | $ (8.15) |
| Diluted | $ (2.74) | $ (3.31) | $ (9.43) | $ (8.50) |
| **Other comprehensive income (loss)** | | | | |
| Net unrealized gains (losses) on investments, net of tax | $ 121 | $ 684 | $ (1,416) | $ 4,529 |
| Reclassification adjustment for realized gains on investments included in net loss | — | — | (5,702) | — |
| Foreign currency translation adjustments | 820 | (2,187) | (3,018) | 10,683 |
| Total other comprehensive income (loss) | 941 | (1,503) | (10,136) | 15,212 |
| **Comprehensive loss** | (829,918) | (979,931) | (2,904,190) | (1,868,819) |
| Accretion of redeemable convertible preferred stock (related party) | (249,911) | (56,121) | (580,298) | (620,869) |
| **Comprehensive loss attributable to common stockholders** | $ (1,079,829) | $ (1,036,052) | $ (3,484,488) | $ (2,489,688) |

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

**LUCID GROUP, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)**
**(Unaudited)**
**(in thousands, except share data)**

| Three Months Ended September 30, 2026 | Redeemable Convertible Preferred Stock | | Common Stock | | Additional Paid-In Capital | Treasury Stock | Accumulated Other Comprehensive Income | Accumulated Deficit | Total Stockholders' Equity (Deficit) |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | | |
| **Balance as of June 30, 2026** | **230,000** | **$ 2,906,257** | **394,070,176** | **$ 39** | **$ 16,636,039** | **$ (20,716)** | **$ 615** | **$ (17,673,940)** | **$ (1,057,963)** |
| Net loss | — | — | — | — | — | — | — | (830,859) | (830,859) |
| Other comprehensive income | — | — | — | — | — | — | 941 | — | 941 |
| Tax withholding payments for net settlement of employee awards | — | — | — | — | (27) | — | — | — | (27) |
| Issuance of common stock upon vesting of employee RSUs | — | — | 2,087,910 | 1 | (1) | — | — | — | — |
| Accretion of redeemable convertible preferred stock (related party) | — | 249,911 | — | — | (249,911) | — | — | — | (249,911) |
| Stock-based compensation | — | — | — | — | 42,819 | — | — | — | 42,819 |
| **Balance as of September 30, 2026** | **230,000** | **$ 3,156,168** | **396,158,086** | **$ 40** | **$ 16,428,919** | **$ (20,716)** | **$ 1,556** | **$ (18,504,799)** | **$ (2,095,000)** |

| Three Months Ended September 30, 2025 | Redeemable Convertible Preferred Stock | | Common Stock[1] | | Additional Paid-In Capital | Treasury Stock | Accumulated Other Comprehensive Income | Accumulated Deficit | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | | |
| **Balance as of June 30, 2025** | **175,000** | **$ 1,864,590** | **307,234,559** | **$ 31** | **$ 16,231,957** | **$ (20,716)** | **$ 14,616** | **$ (13,818,297)** | **$ 2,407,591** |
| Net loss | — | — | — | — | — | — | — | (978,428) | (978,428) |
| Other comprehensive loss | — | — | — | — | — | — | (1,503) | — | (1,503) |
| Tax withholding payments for net settlement of employee awards | — | — | — | — | (3,060) | — | — | — | (3,060) |
| Issuance of common stock upon vesting of employee RSUs | — | — | 3,153,099 | — | — | — | — | — | — |
| Issuance of common stock upon exercise of stock options | — | — | 61,488 | — | 626 | — | — | — | 626 |
| Issuance of common stock under the 2025 Subscription Agreement, net of issuance costs | — | — | 13,715,121 | 1 | 299,721 | — | — | — | 299,722 |
| Accretion of redeemable convertible preferred stock (related party) | — | 56,121 | — | — | (56,121) | — | — | — | (56,121) |
| Stock-based compensation | — | — | — | — | 131,551 | — | — | — | 131,551 |
| **Balance as of September 30, 2025** | **175,000** | **$ 1,920,711** | **324,164,267** | **$ 32** | **$ 16,604,674** | **$ (20,716)** | **$ 13,113** | **$ (14,796,725)** | **$ 1,800,378** |

[1] The number of shares of common stock has been adjusted for the prior periods presented to reflect the one-for-ten (1:10) reverse stock split effected on August 29, 2025. See Note 2 "Summary of Significant Accounting Policies" for more information.

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

**LUCID GROUP, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT) - continued**
**(Unaudited)**
**(in thousands, except share data)**

| | Redeemable Convertible Preferred Stock | | Common Stock | | Additional Paid-In Capital | Treasury Stock | Accumulated Other Comprehensive Income | Accumulated Deficit | Total Stockholders' Equity (Deficit) |
|---|---|---|---|---|---|---|---|---|---|
| **Nine Months Ended September 30, 2026** | **Shares** | **Amount** | **Shares** | **Amount** | | | | | |
| **Balance as of January 1, 2026** | **175,000** | **$ 2,283,490** | **327,366,062** | **$ 33** | **$ 16,337,023** | **$ (20,716)** | **$ 11,692** | **$ (15,610,745)** | **$ 717,287** |
| Net loss | — | — | — | — | — | — | — | (2,894,054) | (2,894,054) |
| Other comprehensive loss | — | — | — | — | — | — | (10,136) | — | (10,136) |
| Tax withholding payments for net settlement of employee awards | — | — | — | — | (1,338) | — | — | — | (1,338) |
| Issuance of common stock upon vesting of employee RSUs | — | — | 6,615,972 | 1 | (1) | — | — | — | — |
| Issuance of common stock under employee stock purchase plan | — | — | 1,768,507 | — | 9,833 | — | — | — | 9,833 |
| Issuance of common stock upon exercise of stock options | — | — | 311,391 | — | 2,785 | — | — | — | 2,785 |
| Issuance of common stock under the 2026 Underwriting Agreement, net of issuance costs | — | — | 36,057,692 | 4 | 291,530 | — | — | — | 291,534 |
| Issuance of common stock under the 2026 Subscription Agreement, net of issuance costs (related party) | — | — | 24,038,462 | 2 | 199,842 | — | — | — | 199,844 |
| Issuance of Series C redeemable convertible preferred stock, net of derivative liability (related party) | 55,000 | 292,380 | — | — | — | — | — | — | — |
| Accretion of redeemable convertible preferred stock (related party) | — | 580,298 | — | — | (580,298) | — | — | — | (580,298) |
| Stock-based compensation | — | — | — | — | 169,543 | — | — | — | 169,543 |
| **Balance as of September 30, 2026** | **230,000** | **$ 3,156,168** | **396,158,086** | **$ 40** | **$ 16,428,919** | **$ (20,716)** | **$ 1,556** | **$ (18,504,799)** | **$ (2,095,000)** |

| | Redeemable Convertible Preferred Stock | | Common Stock[1] | | Additional Paid-In Capital | Treasury Stock | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|---|
| **Nine Months Ended September 30, 2025** | **Shares** | **Amount** | **Shares** | **Amount** | | | | | |
| **Balance as of January 1, 2025** | **175,000** | **$ 1,299,842** | **303,136,190** | **$ 30** | **$ 16,808,291** | **$ (20,716)** | **$ (2,099)** | **$ (12,912,694)** | **$ 3,872,812** |
| Net loss | — | — | — | — | — | — | — | (1,884,031) | (1,884,031) |
| Other comprehensive income | — | — | — | — | — | — | 15,212 | — | 15,212 |
| Tax withholding payments for net settlement of employee awards | — | — | — | — | (12,509) | — | — | — | (12,509) |
| Issuance of common stock upon vesting of employee RSUs | — | — | 6,326,374 | 1 | (1) | — | — | — | — |
| Issuance of common stock under employee stock purchase plan | — | — | 685,402 | — | 12,696 | — | — | — | 12,696 |
| Issuance of common stock upon exercise of stock options | — | — | 301,180 | — | 1,900 | — | — | — | 1,900 |
| Issuance of common stock under the 2025 Subscription Agreement, net of issuance costs | — | — | 13,715,121 | 1 | 299,721 | — | — | — | 299,722 |
| Purchase of capped call options | — | — | — | — | (118,250) | — | — | — | (118,250) |
| Accretion of redeemable convertible preferred stock (related party) | — | 620,869 | — | — | (620,869) | — | — | — | (620,869) |
| Stock-based compensation | — | — | — | — | 233,695 | — | — | — | 233,695 |
| **Balance as of September 30, 2025** | **175,000** | **$ 1,920,711** | **324,164,267** | **$ 32** | **$ 16,604,674** | **$ (20,716)** | **$ 13,113** | **$ (14,796,725)** | **$ 1,800,378** |

[1] The number of shares of common stock has been adjusted for the prior periods presented to reflect the one-for-ten (1:10) reverse stock split effected on August 29, 2025. See Note 2 "Summary of Significant Accounting Policies" for more information.

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

**LUCID GROUP, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**
**(in thousands)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2026** | **2025** |
| **Cash flows from operating activities:** | | |
| Net loss | $ (2,894,054) | $ (1,884,031) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 361,163 | 329,137 |
| Amortization of insurance premium | 29,365 | 27,021 |
| Non-cash operating lease cost | 51,482 | 32,686 |
| Stock-based compensation | 144,217 | 198,889 |
| Inventory and firm purchase commitments write-downs | 621,322 | 518,470 |
| Change in fair value of common stock warrant liability | — | (18,627) |
| Change in fair value of equity securities of a related party | 10,898 | 8,589 |
| Change in fair value of derivative liabilities and subscription agreements associated with redeemable convertible preferred stock (related party) | (225,341) | (356,800) |
| Net accretion of investment discounts/premiums | (1,174) | (21,678) |
| Gain on extinguishment of debt | — | (116,360) |
| Other non-cash items | 23,261 | 10,019 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable (including $(43,402) and $(25,707) from a related party for the nine months ended September 30, 2026 and 2025, respectively) | (22,530) | (26,523) |
| Inventory | (768,387) | (1,032,600) |
| Prepaid expenses | (28,431) | (32,043) |
| Other assets | (103,418) | (132,786) |
| Accounts payable | (285,432) | 244,328 |
| Other liabilities (including $34,371 and nil from a related party for the nine months ended September 30, 2026 and 2025, respectively) | (73,474) | 236,805 |
| Net cash used in operating activities | (3,160,533) | (2,015,504) |
| **Cash flows from investing activities:** | | |
| Purchases of property, plant and equipment (including $(160,475) and $(125,211) from a related party for the nine months ended September 30, 2026 and 2025, respectively) | (794,065) | (542,722) |
| Proceeds from maturities of investments (including $50,000 and $15,000 from a related party for the nine months ended September 30, 2026 and 2025, respectively) | 201,228 | 2,413,453 |
| Proceeds from sale of investments | 951,125 | — |
| Purchases of investments (including nil and $(30,000) from a related party for the nine months ended September 30, 2026 and 2025, respectively) | (28,571) | (309,557) |
| Other investing activities | — | 1,968 |
| Net cash provided by investing activities | 329,717 | 1,563,142 |
| **Cash flows from financing activities:** | | |
| Proceeds from issuance of common stock under the 2026 Underwriting Agreement | 292,500 | — |
| Payments of issuance costs for the 2026 Underwriting Agreement | (966) | — |
| Proceeds from issuance of common stock under the 2026 Subscription Agreement to a related party | 200,000 | — |
| Payments of issuance costs for the 2026 Subscription Agreement | (156) | — |
| Proceeds from issuance of common stock under the 2025 Subscription Agreement | — | 300,000 |
| Payment of issuance costs for the 2025 Subscription Agreement | — | (278) |
| Proceeds from issuance of Series C redeemable convertible preferred stock to a related party | 550,000 | — |
| Payments of issuance costs for Series C redeemable convertible preferred stock | (1,150) | — |
| Payments of transaction costs for the issuance of 2031 Notes | (1,165) | — |
| Proceeds from issuance of 2030 Notes | — | 1,100,000 |
| Payments of transaction costs for the issuance of 2030 Notes | — | (18,090) |
| Purchase of capped call options | — | (118,250) |
| Repurchase of 2026 Notes | — | (931,433) |
| Proceeds from borrowings from related parties | 1,735,994 | 186,621 |
| Proceeds from exercise of stock options | 2,785 | 1,900 |
| Proceeds from employee stock purchase plan | 9,833 | 12,696 |
| Tax withholding payments for net settlement of employee awards | (1,338) | (12,509) |
| Payment for finance lease liabilities | (3,716) | (2,422) |
| Payments for credit facility issuance costs to related parties | (3,750) | (507) |
| Net cash provided by financing activities | 2,778,871 | 517,728 |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | (51,945) | 65,366 |
| Beginning cash, cash equivalents, and restricted cash | 1,040,913 | 1,607,052 |
| Ending cash, cash equivalents, and restricted cash | $ 988,968 | $ 1,672,418 |

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

**LUCID GROUP, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - continued**
**(Unaudited)**
**(in thousands)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2026** | **2025** |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for interest, net of amounts capitalized | $ 80,567 | $ 21,352 |
| Cash paid for taxes | $ 2,688 | $ 3,916 |
| | | |
| **Supplemental disclosure of non-cash investing and financing activity:** | | |
| Increases in purchases of property, plant and equipment included in accounts payable and other current liabilities | $ 55,047 | $ 98,517 |
| Property, plant and equipment and right-of-use assets obtained through leases | $ 54,709 | $ 150,322 |
| Decrease in property, plant, and equipment related to finance lease asset remeasurements | $ (79,262) | $ — |

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

## NOTE 1 – DESCRIPTION OF BUSINESS

### Overview

Lucid Group, Inc. ("Lucid") is a technology company that is setting new standards with the world's most advanced electric vehicles ("EVs"), the award-winning Lucid Air and Lucid Gravity.

Lucid's current business activities consist of (i) generating sales from the deliveries and service of vehicles, (ii) research and development efforts to design, engineer and develop high-performance EVs and advanced EV powertrain components, including battery pack systems, (iii) development of the Advanced Manufacturing Plant-1 ("AMP-1") in Casa Grande, Arizona and Advanced Manufacturing Plant-2 ("AMP-2") in Saudi Arabia, (iv) expansion of its retail studios and service center capabilities throughout North America and across the globe, (v) building strategic partnerships in an effort to accelerate growth, and (vi) the development of, and strategic partnerships related to, autonomous driving robotaxis programs.

Throughout the notes to the condensed consolidated financial statements, unless otherwise noted, the "Company," "we," "us" or "our" and similar terms refer to Lucid and its subsidiaries.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements included herein have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and applicable rules and regulations of the SEC regarding interim financial reporting. Certain information and disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2026.

In management's opinion, these unaudited condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include normal recurring adjustments, necessary for the fair statement of the Company's financial position as of September 30, 2026 and the results of operations for the three and nine months ended September 30, 2026 and 2025. The results of operations for the three and nine months ended September 30, 2026 are not necessarily indicative of the results to be expected for the full year ending December 31, 2026 or any other future interim or annual period.

On August 29, 2025, the Company effected a reverse stock split of its common stock at a ratio of one-for-ten (1:10) (the "Reverse Stock Split") and a corresponding reduction of the authorized shares of common stock, as approved by the Company's board of directors (the "Board of Directors") and stockholders. The shares of common stock began trading on a reverse split-adjusted basis at market open on September 2, 2025. Unless otherwise noted, the share, per share, and related information in this Quarterly Report on Form 10-Q reflects the effect of the Reverse Stock Split. The share and per share information of the Series A convertible preferred stock, par value $0.0001 per share (the "Series A Redeemable Convertible Preferred Stock"), the Series B convertible preferred stock, par value $0.0001 per share (the "Series B Redeemable Convertible Preferred Stock"), and the Series C convertible preferred stock, par value $0.0001 per share (the "Series C Redeemable Convertible Preferred Stock") (collectively, the "Redeemable Convertible Preferred Stock") remained unchanged, except for the information relating to the common stock underlying the Redeemable Convertible Preferred Stock.

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

### Liquidity and Capital Resources

From inception through September 30, 2026, the Company has incurred operating losses and negative cash flows from operating activities. The Company had an accumulated deficit of $18.5 billion as of September 30, 2026. The Company funded operations primarily with issuances of common stock, convertible preferred stock, convertible notes, and loans.

The Company's existing sources of liquidity include cash, cash equivalents, investments, and unused available credit amounts from credit facilities. As of September 30, 2026, the Company had $948.5 million of cash, cash equivalents, and investments. The Company also had $778.8 million, $263.4 million, and $2.3 million of unused available credit amounts from the DDTL Credit Facility, the ABL Credit Facility, and the 2025 GIB Credit Facility, respectively, as of September 30, 2026. See Note 6 "Debt", Note 7 "Redeemable Convertible Preferred Stock" and Note 8 "Stockholders' Equity (Deficit) to the condensed consolidated financial statements included elsewhere in this Quarterly Report for more information.

The Company expects that our current sources of liquidity will provide it with adequate liquidity for at least the next 12 months to fund (i) ongoing operations, (ii) research and development projects for new products/ technologies, (iii) continued development of AMP-1 in Casa Grande, Arizona and AMP-2 in Saudi Arabia, (iv) vendor tooling, (v) expansion of retail studios and service centers, and (vi) other initiatives related to the sale of vehicles or technology.

Over the longer term, the Company expects that it will require additional capital to support its operations, planned capital expenditures and strategic initiatives. The Company expects to seek additional financing through one or more sources, which may include equity or debt financings, credit facilities or other funding arrangements. The timing and amount of additional financing will depend on a number of factors, including the Company's operating performance, capital expenditure requirements and market conditions. The Company continues to pursue initiatives intended to improve cash flow and capital efficiency, including actions related to inventory, capital expenditures and operating expenses. These initiatives include aligning production with anticipated demand and actions intended to reduce operating costs.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates, assumptions and judgments made by management include, among others, inventory valuation, warranty reserve, useful lives of property, plant and equipment, fair value of derivative liabilities associated with the Redeemable Convertible Preferred Stock, estimates of residual value guarantee ("RVG") liability, deferred revenue related to technology access fees and over-the-air ("OTA") software updates, sales return reserves, assumptions used to measure stock-based compensation expense, income taxes, and estimated incremental borrowing rates for assessing operating and finance leases. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results may differ from these estimates under different assumptions or conditions due to the inherent uncertainty involved in making those estimates and any such differences may be material.

**Cash, Cash Equivalents and Restricted Cash**

The Company considers all highly liquid investments with an original maturity at the date of purchase of three months or less to be cash equivalents.

Restricted cash is primarily related to cash reserved or letters of credit issued for certain lease arrangements.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash to amounts shown in the statements of cash flows (in thousands):

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Cash and cash equivalents | $ 930,742 | $ 997,827 |
| Restricted cash included in other current assets | 46,629 | 19,860 |
| Restricted cash included in other noncurrent assets | 11,597 | 23,226 |
| Total cash, cash equivalents, and restricted cash | $ 988,968 | $ 1,040,913 |

**Accounts Receivable, Net**

Accounts receivable consists of receivables from our customers and from financial institutions offering financing products to our customers for the sale of vehicles, sales of powertrain kits, services, and regulatory credits. The Company provides an allowance against accounts receivable for any potential uncollectible amounts. The Company recorded an immaterial allowance for uncollectible amounts as of September 30, 2026 and December 31, 2025.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash, cash equivalents, investments, and accounts receivable. The Company places its cash primarily with domestic financial institutions that are federally insured within statutory limits; however, its deposits exceed federally insured limits. The Company invests in highly rated securities, primarily issued by the U.S. government or liquid money market funds. As of September 30, 2026 and December 31, 2025, accounts receivable from the EV purchase agreement with the Government of Saudi Arabia, a related party of the Public Investment Fund ("PIF"), which is an affiliate of Ayar Third Investment Company, the controlling stockholder of the Company ("Ayar"), as represented by the Ministry of Finance (the "EV Purchase Agreement"), represented 82.2% and 68.0% of the total accounts receivable balance, respectively. See Note 15 "Related Party Transactions" for more information.

**Concentration of Supply Risk**

The Company is dependent on its suppliers, the majority of which are single-source suppliers. The inability or unwillingness of these suppliers to deliver necessary components of our products according to the schedule and at prices, quality levels, and volumes acceptable to the Company, whether due to changes or uncertainties in trade policies, the imposition or proposed imposition of tariffs, threat of a trade war or otherwise, or its inability to efficiently manage these components, or the unavailability of stable domestic suppliers, could have a material adverse effect on the Company's results of operations and financial condition.

**Revenue from Contracts with Customers**

***Vehicle Sales***

Vehicle sales revenue is generated from the sale of EVs to customers. The Company generated total vehicle sales revenue of $316.5 million and $931.8 million during the three and nine months ended September 30, 2026, respectively, and $300.8 million and $718.4 million for the same periods in the prior year, respectively. The performance obligations identified in vehicle sale arrangements include delivery of the vehicle equipped with an onboard advanced driver assistance system ("ADAS"), the provision of maintenance services, the remarketing activities, and the right to unspecified OTA software updates as they become available over the term of the basic vehicle warranty, which is generally four years.

Payment is typically received at the time of delivery or shortly after delivery of the vehicle to the customer, except for vehicle sales under the EV Purchase Agreement. The Company recognizes revenue related to the vehicle when the customer obtains control of the vehicle which occurs at a point in time either upon completion of delivery to the agreed-upon delivery location or upon pick-up of the vehicle by the customer. As the unspecified OTA software updates are provided when-and-if they become available, revenue related to OTA software updates is recognized ratably over the basic vehicle warranty term, commencing when control of the vehicle is transferred to the customer. Remarketing revenue is recognized at a point in time upon completion or expiration of the remarketing service obligation. Revenue for maintenance services is recognized ratably over the term of the contract, which is generally two years. Payments received before the customer obtains control of the vehicle are recorded within other current liabilities in the condensed consolidated balance sheets.

At the time of revenue recognition, the Company reduces the transaction price and records a sales return reserve against revenue for estimated variable consideration related to future returns. Return rate estimates are based on historical experience and the sales return reserve balance was not material as of September 30, 2026 and December 31, 2025.

As of September 30, 2026 and December 31, 2025, the Company recorded $96.9 million and $87.5 million of total deferred revenue from all vehicle sales related to OTA, maintenance services, and remarketing activities for vehicle sales, respectively. The Company recorded $30.8 million and $30.0 million of the total deferred revenue within other current liabilities and the remaining $66.1 million and $57.5 million within other long-term liabilities in the condensed consolidated balance sheets as of September 30, 2026 and December 31, 2025, respectively. Revenue recognized that was included in the deferred revenue at the beginning of the period was not material during the three and nine months ended September 30, 2026 and 2025.

The Company provides a residual value guarantee to its commercial banking partners in connection with its vehicle leasing program. Related vehicle sales represented approximately 39% and 37% of total revenue during the three and nine months ended September 30, 2026, respectively, and 55% and 54% for the same periods in the prior year, respectively. Under the vehicle leasing program, the Company recognizes revenue when control transfers upon delivery when the consumer-lessee takes physical possession of the vehicle, and bifurcates the RVG at fair value and accounts for it as a reduction to revenue and a guarantee liability. The remaining amount of the transaction price is allocated among the performance obligations. Any fees or incentives that are paid or payable by the Company to commercial banking partners are recognized as a reduction to vehicle sales revenue.

The guarantee liability represents the estimated amount the Company expects to pay at the end of the lease term. The Company is released from residual risk upon either expiration or settlement of the RVG. The Company evaluates variables such as third-party residual value publications, risk of future price deterioration due to changes in market conditions and reconditioning costs to determine the estimated RVG liability. RVG liability is assessed subsequently for any changes on a quarterly basis. The Company recorded $146.2 million and $114.0 million of RVG liabilities as of September 30, 2026 and December 31, 2025, respectively, in other current liabilities and other long-term liabilities in the condensed consolidated balance sheets. As the Company accumulates more data related to the resale value of our vehicles or as market conditions change, there could be material changes to the estimated guarantee liabilities. The maximum potential amount of future payments (in excess of RVG liabilities recorded) that the Company could be required to make was $765.1 million and $705.9 million as of September 30, 2026 and December 31, 2025, respectively.

*Vehicle Operating Lease Revenue*

The Company accounts for sales of vehicles with repurchase obligations as operating leases. The Company sells vehicles primarily to rental companies with an obligation to repurchase the vehicles at an agreed-upon repurchase price. The Company records the difference between the proceeds received and the agreed-upon repurchase price as vehicle leasing revenue on a straight-line basis over the term of the lease. Deferred leasing revenue and repurchase obligation were recorded in other current liabilities and other long-term liabilities in the condensed consolidated balance sheets, and were not material as of September 30, 2026 and December 31, 2025. The operating lease revenue was not material for the three and nine months ended September 30, 2026 and 2025.

*Sale and Leaseback Transactions*

The Company enters into sale and leaseback transactions in which the Company transfers control of vehicles to rental companies and simultaneously leases them back as operating leases. The Company recognizes revenue related to the vehicles under the arrangement when the rental companies obtain control of the vehicles and separately recognizes the lease obligations based on the present value of the future payments to the rental companies within other current liabilities and other long-term liabilities. The Company also records right-of-use assets which are amortized over the term of the leaseback. Operating lease expense is recognized on a straight-line basis over the term of the leaseback.

The Company recorded revenue from sale and leaseback transactions of $0.2 million and $51.2 million during the three and nine months ended September 30, 2026, respectively, and $10.8 million and $55.7 million for the same periods in the prior year, respectively. Operating lease expenses were not material for the three and nine months ended September 30, 2026 and 2025.

***Other***

Other consists primarily of revenue from non-warranty after-sales vehicle services and parts, sales of battery pack systems, powertrain kits, retail merchandise, regulatory credits, and sales of non-Lucid vehicles acquired as part of the trade-in program. The Company generates regulatory credits revenue from the sale of tradable credits the Company earns under various regulations. This includes credits related to ZEVs and greenhouse gas (“GHG”), and the Corporate Average Fuel Economy (“CAFE”) credits. Regulatory credit revenue totaled $1.1 million and $26.5 million during the three and nine months ended September 30, 2026, and $11.6 million and $61.8 million for the same periods in the prior year, respectively. The revenue from sales of non-Lucid vehicles was not material for the three and nine months ended September 30, 2026 and 2025.

**Redeemable Convertible Preferred Stock**

Accounting for the redeemable convertible preferred stock requires an evaluation to determine if liability classification is required under Accounting Standards Codification (“ASC”) 480-10. Liability classification is required for freestanding financial instruments that are (1) subject to an unconditional obligation requiring the issuer to redeem the instrument by transferring assets, such as those that are mandatorily redeemable, (2) instruments other than equity shares that embody an obligation of the issuer to repurchase its equity shares, or (3) certain types of instruments that obligate the issuer to issue a variable number of equity shares.

Securities that do not meet the scoping criteria to be classified as a liability under ASC 480 are subject to redeemable equity guidance, which prescribes securities that may be subject to redemption upon an event not solely within the Company’s control to be classified as temporary equity. Securities classified in temporary equity are initially measured at fair value and excluding the fair value of bifurcated embedded derivatives. Subsequent measurement of the carrying value of the redeemable convertible preferred stock is required as the instrument is probable of becoming redeemable. The Company accretes the redeemable convertible preferred stock to its redemption value. In certain circumstances, the redemption price may vary based on changes in stock price, in which case the Company recognizes changes in the redemption value immediately as they occur and adjusts the carrying value of the security to equal the then current maximum redemption value at the end of each reporting period.

**Derivative Liabilities**

The Company evaluates all of its financial instruments, including convertible notes and redeemable convertible preferred stock, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. The Company applies significant judgment to identify and evaluate complex terms and conditions in these contracts and agreements to determine whether embedded derivatives exist. Embedded derivatives must be separately measured from the host contracts if all the requirements for bifurcation are met. The assessment of the conditions surrounding the bifurcation of embedded derivatives depends on the nature of the host contract. Bifurcated embedded derivatives are recognized at fair value, with changes in fair value recognized in the condensed consolidated statements of operations and comprehensive loss at each reporting period end. Bifurcated embedded derivatives are classified as a separate liability in the condensed consolidated balance sheet.

The Company's derivative liabilities are related to the conversion features embedded in the Redeemable Convertible Preferred Stock. See Note 7 "Redeemable Convertible Preferred Stock" for more information.

**NOTE 3 - WORKFORCE REDUCTION**

On June 22, 2026, the Company announced a reduction of its U.S. workforce (the "June 2026 Plan") that was designed to advance the Company's path toward profitability and positive cash flow generation by streamlining its organizational structure, optimizing operating expenses, and aligning production plans with anticipated demand. The Company substantially completed the June 2026 Plan in the third quarter of 2026.

On February 20, 2026, the Company announced a reduction of its U.S. workforce (the "February 2026 Plan") that was intended to align with its long-term operating goals as it focuses on the start of production of its Midsize platform, strategic partnerships related to robotaxis programs, and development of ADAS technologies, as well as the sale and distribution of its current models in existing and new geographies. The Company completed the February 2026 Plan during the third quarter of 2026.

On May 24, 2024, the Company announced a plan (the "May 2024 Plan") intended to optimize operating expenses in response to evolving business needs and productivity improvement through a reduction in workforce. The Company completed the May 2024 Plan during the first quarter of 2025.

During the three and nine months ended September 30, 2026, the Company recorded workforce reduction charges of $1.3 million and $72.9 million, respectively, in the condensed consolidated statements of operations and comprehensive loss. The workforce reduction charges were primarily related to the June 2026 Plan for the three months ended September 30, 2026, and were comprised of $38.2 million and $34.7 million related to the February 2026 Plan and June 2026 Plan, respectively, for the nine months ended September 30, 2026. The workforce reduction charges were primarily related to severance payments, employee benefits, employee transition, and acceleration of stock-based compensation expense.

A summary of accrued liabilities associated with the workforce reduction plans was as follows (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Accrued liabilities - beginning of period | $ 30,132 | $ — | $ — | $ 267 |
| Workforce reduction charges excluding non-cash items[1][2] | 1,270 | — | 69,578 | — |
| Cash payments | (29,469) | — | (67,645) | (267) |
| Accrued liabilities - end of period | $ 1,933 | $ — | $ 1,933 | $ — |

[1] Excluded non-cash items of $4.7 million for the nine months ended September 30, 2026 related to the June 2026 Plan, comprised of the acceleration of stock-based compensation expenses.
[2] Excluded non-cash items of $1.4 million credit for the nine months ended September 30, 2026 related to the February 2026 Plan, which was net of accelerated stock-based compensation expense of $1.9 million and a reversal of $3.3 million related to previously recognized stock-based compensation expenses for unvested restricted stock awards.

As of September 30, 2026, the accrued liabilities of $1.9 million associated with the June 2026 Plan were included in other current liabilities on the condensed consolidated balance sheet.

## NOTE 4 – BALANCE SHEETS COMPONENTS

***Inventory***

Inventory as of September 30, 2026 and December 31, 2025 was as follows (in thousands):

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Raw materials | $ 483,523 | $ 479,754 |
| Work in progress | 204,297 | 146,575 |
| Finished goods | 534,672 | 483,200 |
| Total Inventory | $ 1,222,492 | $ 1,109,529 |

Inventory as of September 30, 2026 and December 31, 2025 was comprised of raw materials, work in progress related to the production of vehicles for sale and semi knocked-down ("SKD") units for final assembly in Saudi Arabia, and finished goods inventory including new vehicles available for sale, vehicles in transit to fulfill customer orders, and used vehicles which the Company intends to sell. The Company recorded write-downs of $94.5 million and $632.0 million for the three and nine months ended September 30, 2026, respectively, and $192.1 million and $528.5 million for the same periods in the prior year, respectively, to reduce its inventories to their net realizable values and for any excess or obsolete inventories, as well as losses from firm purchase commitments ("LCNRV").

***Property, plant and equipment, net***

Property, plant and equipment, net as of September 30, 2026 and December 31, 2025 was as follows (in thousands):

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Land and land improvements | $ 37,189 | $ 70,967 |
| Building and improvements[(1)] | 1,103,579 | 1,099,186 |
| Machinery, tooling and vehicles[(2)(3)] | 2,406,032 | 2,363,263 |
| Computer equipment and software | 163,680 | 140,419 |
| Leasehold improvements | 330,734 | 304,609 |
| Furniture and fixtures | 60,854 | 57,921 |
| Finance leases | 113,647 | 193,137 |
| Construction in progress | 1,708,374 | 970,960 |
| Total Property, plant and equipment | 5,924,089 | 5,200,462 |
| Less accumulated depreciation and amortization | (1,549,228) | (1,222,330) |
| Property, plant and equipment, net | $ 4,374,861 | $ 3,978,132 |

[(1)] As of September 30, 2026 and December 31, 2025, $127.5 million of capital expenditure support received from Ministry of Investment of Saudi Arabia ("MISA") was recorded as a deduction to the AMP-2 building balance. See Note 15 "Related Party Transactions" for more information.
[(2)] Included $27.6 million and $47.2 million of service loaner vehicles as of September 30, 2026 and December 31, 2025, respectively.
[(3)] Included $33.0 million and $33.7 million of operating lease vehicles sold to rental companies as of September 30, 2026 and December 31, 2025, respectively.

Construction in progress represents the costs incurred in connection with the construction of buildings or new additions to the Company's plant facilities, including tooling with outside vendors. Costs classified as construction in progress include all costs of obtaining the asset, installation of the asset, and bringing it to the location and the condition necessary for its intended use. No depreciation is provided for construction in progress until such time as the asset is completed and is ready for its intended use. Construction in progress consisted of the following (in thousands):

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Machinery and tooling | $ 799,787 | $ 418,426 |
| Construction of AMP-1 and AMP-2[1] | 860,775 | 512,502 |
| Leasehold improvements and other | 47,812 | 40,032 |
| Total construction in progress | $ 1,708,374 | $ 970,960 |

[1] As of September 30, 2026 and December 31, 2025, $67.3 million of capital expenditure support received from MISA was recorded as a deduction to the AMP-2 facility construction in progress balance. See Note 15 "Related Party Transactions" for more information.

Depreciation and amortization expense was $122.5 million and $361.2 million for the three and nine months ended September 30, 2026, respectively, and $120.1 million and $329.1 million for the same periods in the prior year, respectively. The amount of interest capitalized on construction in progress related to significant capital asset constructions was not material for the three and nine months ended September 30, 2026 and 2025.

***Other current liabilities***

Other current liabilities as of September 30, 2026 and December 31, 2025 were as follows (in thousands):

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Capital expenditures accrual | $ 230,046 | $ 234,313 |
| Accrued compensation | 169,279 | 155,906 |
| Accrued warranty | 82,005 | 58,765 |
| Engineering, design, and testing accrual | 72,102 | 56,237 |
| Accrued purchases[1] | 68,776 | 183,330 |
| Reserve for loss on firm inventory purchase commitments | 66,304 | 131,904 |
| Accrued interest | 65,591 | 29,841 |
| Operating lease liabilities, current portion | 63,318 | 64,171 |
| Tooling liability | 57,183 | 35,138 |
| RVG liabilities | 51,072 | 55,448 |
| Deferred revenue[2] | 30,825 | 29,950 |
| Third-party services accrual | 28,181 | 72,083 |
| Sales incentive accrual | 24,706 | 34,626 |
| Retail leasehold improvements accrual | 3,668 | 5,804 |
| Other current liabilities | 219,661 | 245,125 |
| Total other current liabilities | $ 1,232,717 | $ 1,392,641 |

[1] Primarily represent accruals for inventory related purchases and transportation charges that had not been invoiced.
[2] Represent deferred revenue from vehicle sales primarily related to OTA and remarketing activities.

***Other long-term liabilities***

Other long-term liabilities as of September 30, 2026 and December 31, 2025 were as follows (in thousands):

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Operating lease liabilities, net of current portion | $ 227,509 | $ 225,434 |
| Other long-term liabilities[1][2] | 444,349 | 357,305 |
| Total other long-term liabilities | $ 671,858 | $ 582,739 |

[1] As of September 30, 2026 and December 31, 2025, $114.8 million of deferred revenue was recorded within other long-term liabilities in the condensed consolidated balance sheets, in connection with the strategic technology and supply arrangement, and integration and supply arrangements with Aston Martin Lagonda Global Holdings plc (together with its subsidiaries, "Aston Martin"). See Note 15 "Related Party Transactions" for more information.
[2] Included accrued warranty balance of $110.5 million and $93.4 million as of September 30, 2026 and December 31, 2025, respectively.

***Accrued warranty***

Accrued warranty activities consisted of the following (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Accrued warranty - beginning of period[2] | $ 173,410 | $ 124,391 | $ 152,201 | $ 112,478 |
| Warranty costs incurred | (11,343) | (7,990) | (27,417) | (23,349) |
| Provision for warranty[1] | 30,442 | 17,478 | 67,725 | 44,750 |
| Accrued warranty - end of period[2] | $ 192,509 | $ 133,879 | $ 192,509 | $ 133,879 |

[1] Provision for warranty for the three and nine months ended September 30, 2026 and 2025 included estimated costs related to the recalls identified and/or special campaigns to repair or replace items under warranties.
[2] Accrued warranty balance of $82.0 million and $58.8 million was recorded within other current liabilities, and $110.5 million and $93.4 million was recorded within other long-term liabilities, in the condensed consolidated balance sheets as of September 30, 2026 and December 31, 2025, respectively.

## NOTE 5 - FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS

The accounting standard for fair value measurements provides a framework for measuring fair value and requires expanded disclosures regarding fair value measurements. Fair value is defined as the price that would be received for an asset or the "exit price" that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between independent market participants on the measurement date. The Company measures certain financial assets and liabilities at fair value at each reporting period using a fair value hierarchy, which requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

- ***Level 1***—Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ***Level 2***—Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- ***Level 3***—Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. Factors used to develop the estimated fair value are unobservable inputs that are not supported by market activity. The sensitivity of the fair value measurement to changes in unobservable inputs may result in a significantly higher or lower measurement.

Cash, cash equivalents, and investments are reported at their respective fair values on the Company's condensed consolidated balance sheets. The Company's short-term and long-term investments are classified as available-for-sale securities. Carrying amounts of accounts receivable, accounts payable, and other current liabilities approximate their estimated fair values.

The following table sets forth the Company's financial assets subject to fair value measurements on a recurring basis by level within the fair value hierarchy as of September 30, 2026 and December 31, 2025 (in thousands):

| | September 30, 2026 | | | | | |
|---|---|---|---|---|---|---|
| | | | | | Reported As: | |
| | Amortized cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value | Cash and cash equivalents | Short-Term Investments |
| Cash | $ 408,157 | $ — | $ — | $ 408,157 | $ 408,157 | $ — |
| Level 1: | | | | | | |
| Money market funds | 393,611 | — | — | 393,611 | 393,611 | — |
| U.S. Treasury securities | 115,417 | — | (14) | 115,403 | 115,403 | — |
| Subtotal | 509,028 | — | (14) | 509,014 | 509,014 | — |
| Level 2: | | | | | | |
| Certificates of deposit | 6,803 | — | (16) | 6,787 | 2,000 | 4,787 |
| Commercial paper | 11,572 | — | (1) | 11,571 | 11,571 | — |
| Subtotal | 18,375 | — | (17) | 18,358 | 13,571 | 4,787 |
| Total | $ 935,560 | $ — | $ (31) | $ 935,529 | $ 930,742 | $ 4,787 |

| | December 31, 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Reported As: | | |
| | Amortized cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value | Cash and cash equivalents | Short-Term Investments | Long-Term Investments |
| Cash | $ 762,077 | $ — | $ — | $ 762,077 | $ 762,077 | $ — | $ — |
| Level 1: | | | | | | | |
| Money market funds | 235,750 | — | — | 235,750 | 235,750 | — | — |
| U.S. Treasury securities | 575,159 | 3,655 | — | 578,814 | — | 398,011 | 180,803 |
| Subtotal | 810,909 | 3,655 | — | 814,564 | 235,750 | 398,011 | 180,803 |
| Level 2: | | | | | | | |
| Time deposits[1] | 65,000 | — | — | 65,000 | — | 65,000 | — |
| Corporate debt securities | 471,819 | 3,442 | — | 475,261 | — | 168,082 | 307,179 |
| Subtotal | 536,819 | 3,442 | — | 540,261 | — | 233,082 | 307,179 |
| Total | $ 2,109,805 | $ 7,097 | $ — | $ 2,116,902 | $ 997,827 | $ 631,093 | $ 487,982 |

[1] Included $50.0 million of time deposits with Gulf International Bank ("GIB") in short-term investments. GIB is a related party of the PIF, which is an affiliate of Ayar. See Note 15 "Related Party Transactions" for more information.

During the three and nine months ended September 30, 2026, the Company recorded realized gains of nil and $5.7 million on the sale of available-for-sale securities, respectively, and immaterial realized gains for the same periods in the prior year. Accrued interest receivable excluded from both the fair value and amortized cost basis of the available-for-sale securities was immaterial and $13.1 million as of September 30, 2026 and December 31, 2025, respectively, and was recorded in other current assets on its condensed consolidated balance sheets. As of September 30, 2026 and December 31, 2025, no allowance for credit losses was recorded related to an impairment of available-for-sale securities.

The following table summarizes our available-for-sale securities by contractual maturity:

| | September 30, 2026 | |
|---|---|---|
| | Amortized cost | Estimated Fair Value |
| Within one year | $ 4,803 | $ 4,787 |

On November 6, 2023, the Company received 28,352,273 ordinary shares of Aston Martin with an initial fair value of $73.2 million. The Company remeasured the shares and recorded fair values of $13.0 million and $24.3 million within long-term investments in the condensed consolidated balance sheets as of September 30, 2026 and December 31, 2025, respectively. These equity securities are publicly traded stocks (where shares are denominated in GBP) measured at fair value on a recurring basis and classified within level 1 in the fair value hierarchy. The Company recognized unrealized losses of $1.2 million and $10.9 million during the three and nine months ended September 30, 2026, respectively, and an unrealized gain of $0.9 million and an unrealized loss of $8.6 million for the same periods in the prior year, respectively, in change of fair value of equity securities of a related party in the condensed consolidated statement of operations and comprehensive loss. The Company also recognized an unrealized foreign currency loss of nil and $0.4 million during the three and nine months ended September 30, 2026, respectively, and an unrealized foreign currency loss of $0.6 million and an unrealized foreign currency gain of $2.2 million for the same periods in the prior year, respectively, related to these equity securities in other expense, net in the condensed consolidated statement of operations and comprehensive loss. See Note 15 “Related Party Transactions” for more information.

Level 3 liabilities consist of the common stock warrant liability and the derivative liabilities associated with the Redeemable Convertible Preferred Stock, of which the fair values were measured upon issuance of the private placement warrants and the Redeemable Convertible Preferred Stock and are remeasured at each reporting period. The valuation methodology and underlying assumptions for the Redeemable Convertible Preferred Stock are discussed further in Note 7 “Redeemable Convertible Preferred Stock”. The fair value of the common stock warrant liability was nil as of December 31, 2025, and the common stock warrants subsequently expired in July 2026. Level 3 liabilities also consist of residual value guarantee liabilities, of which the fair value is measured initially upon delivery of vehicles and assessed subsequently for any changes on a quarterly basis. Significant changes in the unobservable inputs used in determining the fair value would result in significant changes to the fair value measurement.

The following tables present a reconciliation of the common stock warrant liability and derivative liabilities associated with the Redeemable Convertible Preferred Stock measured and recorded at fair value on a recurring basis (in thousands):

| | Three Months Ended September 30, 2026 | | | Nine Months Ended September 30, 2026 | | |
|---|---|---|---|---|---|---|
| | Series A Derivative Liability | Series B Derivative Liability | Series C Derivative Liability | Series A Derivative Liability | Series B Derivative Liability | Series C Derivative Liability |
| **Fair value-beginning of period** | $ 700 | $ 375 | $ 162,580 | $ 10,800 | $ 5,400 | $ — |
| Issuance | — | — | — | — | — | 115,390 |
| Change in fair value | (686) | (365) | (114,125) | (10,786) | (5,390) | (66,935) |
| **Fair value-end of period** | $ 14 | $ 10 | $ 48,455 | $ 14 | $ 10 | $ 48,455 |

| | Three Months Ended September 30, 2025 | | | Nine Months Ended September 30, 2025 | | |
|---|---|---|---|---|---|---|
| | Series A Derivative Liability | Series B Derivative Liability | Common Stock Warrant Liability | Series A Derivative Liability | Series B Derivative Liability | Common Stock Warrant Liability |
| **Fair value-beginning of period** | $ 155,200 | $ 91,050 | $ 1,331 | $ 408,800 | $ 230,625 | $ 19,514 |
| Change in fair value | 29,100 | 7,275 | (444) | (224,500) | (132,300) | (18,627) |
| **Fair value-end of period** | $ 184,300 | $ 98,325 | $ 887 | $ 184,300 | $ 98,325 | $ 887 |

**NOTE 6 – DEBT**

The carrying value of the Company’s debt as of September 30, 2026 and December 31, 2025 was as follows (in millions):

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| 2026 Notes | $ 204.1 | $ 203.7 |
| 2030 Notes | 1,086.8 | 1,084.2 |
| 2031 Notes | 963.7 | 962.4 |
| GIB credit facility | 503.4 | 468.0 |
| DDTL credit facility | 1,690.9 | — |
| Total debt | 4,448.9 | 2,718.3 |
| Current portion of debt | (707.5) | (671.7) |
| Debt, net of current portion | $ 3,741.4 | $ 2,046.6 |

***Convertible Senior Notes***

The Company accounted for the issuances of the 1.25% convertible senior notes due 2026 (the "2026 Notes"), the 5.00% convertible senior notes due in April 2030 (the "2030 Notes"), and the 7.00% convertible senior notes due in November 2031 (the "2031 Notes") as single liabilities measured at its respective amortized cost, as no embedded features require bifurcation and recognition as derivatives. It determined the fair value of the Convertible Senior Notes based on quoted prices in markets that are not active, which is considered a Level 2 valuation input. The following table sets forth a summary of the 2026 Notes, the 2030 Notes, and the 2031 Notes as of September 30, 2026 and December 31, 2025 (in millions):

| | September 30, 2026 | | | |
|---|---|---|---|---|
| | Principal Amount | Unamortized Debt Discounts and Issuance Costs | Net Carrying Amount | Fair Value |
| 2026 Notes | $ 204.3 | $ (0.2) | $ 204.1 | $ 196.6 |
| 2030 Notes | 1,100.0 | (13.2) | 1,086.8 | 382.2 |
| 2031 Notes | 975.0 | (11.3) | 963.7 | 485.8 |
| Total convertible senior notes | $ 2,279.3 | $ (24.7) | $ 2,254.6 | $ 1,064.6 |

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | Principal Amount | Unamortized Debt Discounts and Issuance Costs | Net Carrying Amount | Fair Value |
| 2026 Notes | $ 204.3 | $ (0.6) | $ 203.7 | $ 189.7 |
| 2030 Notes | 1,100.0 | (15.8) | 1,084.2 | 655.9 |
| 2031 Notes | 975.0 | (12.6) | 962.4 | 775.1 |
| Total convertible senior notes | $ 2,279.3 | $ (29.0) | $ 2,250.3 | $ 1,620.7 |

The effective interest rate for the 2026 Notes, the 2030 Notes, and the 2031 Notes is 1.5%, 5.4%, and 7.3%, respectively. The components of interest expense related to the 2026 Notes, the 2030 Notes, and the 2031 Notes were as follows (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Contractual interest | $ 31.5 | $ 16.8 | $ 94.4 | $ 39.0 |
| Amortization of debt discounts and debt issuance costs | 1.4 | 1.5 | 4.3 | 4.2 |
| Interest expense | $ 32.9 | $ 18.3 | $ 98.7 | $ 43.2 |

*2026 Notes*

In December 2021, the Company issued an aggregate of $2,012.5 million principal amount of 1.25% convertible senior notes due in December 2026 in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act, at an issuance price equal to 99.5% of the principal amount of 2026 Notes. The Company has designated the 2026 Notes as green bonds, whose proceeds will be allocated in accordance with the Company's green bond framework. The 2026 Notes were issued pursuant to and are governed by an indenture dated December 14, 2021, between the Company and U.S. Bank National Association as the trustee. The proceeds from the issuance of the 2026 Notes were $1,986.6 million, net of the issuance discount and debt issuance costs.

The 2026 Notes are unsecured obligations which bear regular interest at 1.25% per annum and are payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2022. The 2026 Notes will mature on December 15, 2026, unless repurchased, redeemed, or converted in accordance with their terms prior to such date. The 2026 Notes are convertible into cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock, at the Company's election, at an initial conversion rate of 1.8255 shares of the Company's common stock per $1,000 principal amount of 2026 Notes, which is equivalent to an initial conversion price of approximately $547.80 per share of the Company's common stock. The conversion rate and conversion price will be subject to customary adjustments upon the occurrence of certain events, including a reverse stock split. The Company may redeem for cash all or any portion of the 2026 Notes, at the Company's option, on or after December 20, 2024 if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days at a redemption price equal to 100% of the principal amount of the 2026 Notes to be redeemed, plus accrued and unpaid interest up to the day before the redemption date. The holders may require the Company to repurchase the 2026 Notes upon the occurrence of certain fundamental change transactions at a redemption price equal to 100% of the principal amount of the 2026 Notes redeemed, plus accrued and unpaid interest up to the day before the redemption date.

Holders of the 2026 Notes may convert all or a portion of their 2026 Notes at their option prior to September 15, 2026, in multiples of $1,000 principal amounts, only under the following circumstances:

- during any calendar quarter commencing after the quarter ended on March 31, 2022 (and only during such calendar quarter), if the Company's common stock price exceeds 130% of the conversion price for at least 20 trading days during the 30 consecutive trading days at the end of the prior calendar quarter;
- during the five consecutive business days immediately after any 10 consecutive trading day period in which the trading price per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Company's common stock on such trading day and the conversion rate on such trading day;
- upon the occurrence of specified corporate events; or
- if the Company calls any or all 2026 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the notes called for redemption.

On or after September 15, 2026, the 2026 Notes are convertible at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Holders of the 2026 Notes who convert the 2026 Notes in connection with a make-whole fundamental change, as defined in the indenture governing the 2026 Notes, or in connection with a redemption may be entitled to an increase in the conversion rate. There were no conversions during the three months ended September 30, 2026. The 2026 Notes were not eligible for conversion as of December 31, 2025. No sinking fund is provided for the 2026 Notes, which means that the Company is not required to redeem or retire them periodically. As of September 30, 2026 and December 31, 2025, the Company was in compliance with applicable covenants under the indentures governing the 2026 Notes.

In April 2025, contemporaneously with the 2030 Notes offering, the Company repurchased $1,052.5 million aggregate principal amount of the 2026 Notes, using $931.4 million of the net proceeds of the 2030 Notes. The difference between the consideration paid with the net proceeds from the 2030 Notes to repurchase a portion of the 2026 Notes principal amount and the then carrying value of the 2026 Notes resulted in a gain of $116.4 million. Following the redemption, the Company's outstanding principal balance of the 2026 Notes was $960.0 million. In November 2025, contemporaneously with the 2031 Notes offering, the Company repurchased $755.7 million aggregate principal amount of the 2026 Notes, using $748.2 million of the net proceeds of the 2031 Notes. The difference between the consideration paid with the net proceeds from the 2031 Notes to repurchase a portion of the 2026 Notes principal amount and the then carrying value of the 2026 Notes resulted in a gain of $5.4 million. Following the redemption, the Company's outstanding principal balance of the 2026 Notes was $204.3 million. The repurchases of the 2026 Notes were accounted for as debt extinguishments. During the year ended December 31, 2025, the Company recorded a total gain of $121.8 million within gain on extinguishment of debt in the consolidated statement of operations and comprehensive loss.

*2030 Notes and Capped Call Transactions*

*2030 Notes*

In April 2025, the Company issued an aggregate of $1,100.0 million principal amount of 5.00% convertible senior notes due in April 2030 in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act, at an issuance price equal to 100.0% of the principal amount of the 2030 Notes. The 2030 Notes were issued pursuant to and are governed by an indenture dated April 8, 2025, between the Company and U.S. Bank Trust Company, National Association as the trustee. The proceeds from the issuance of the 2030 Notes were $1,081.8 million, net of the debt issuance costs. Contemporaneously with the 2030 Notes offering, the Company entered into privately negotiated transactions with certain holders of the 2026 Notes to repurchase $1,052.5 million aggregate principal amount of the 2026 Notes, using $931.4 million of the net proceeds of the 2030 Notes.

The 2030 Notes are unsecured obligations which bear regular interest at 5.00% per annum and are payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2025. The 2030 Notes will mature on April 1, 2030, unless repurchased, redeemed, or converted in accordance with their terms prior to such date. The 2030 Notes are convertible into cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock, at the Company's election, at an initial conversion rate of 33.3333 shares of the Company's common stock per $1,000 principal amount of the 2030 Notes, which is equivalent to an initial conversion price of approximately $30.00 per share of the Company's common stock. The conversion rate and conversion price will be subject to customary adjustments upon the occurrence of certain events, including a reverse stock split. The Company may redeem for cash all or any portion of the 2030 Notes, at the Company's option, on or after April 6, 2028 if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days at a redemption price equal to 100% of the principal amount of the 2030 Notes to be redeemed, plus accrued and unpaid interest up to the day before the redemption date. The holders may require the Company to repurchase the 2030 Notes upon the occurrence of certain fundamental change transactions at a redemption price equal to 100% of the principal amount of the 2030 Notes redeemed, plus accrued and unpaid interest up to the day before the redemption date.

Holders of the 2030 Notes may convert all or a portion of their 2030 Notes at their option prior to January 1, 2030, in multiples of $1,000 principal amounts, only under the following circumstances:

- during any calendar quarter commencing after the quarter ended on June 30, 2025 (and only during such calendar quarter), if the Company's common stock price exceeds 130% of the conversion price for at least 20 trading days during the 30 consecutive trading days at the end of the prior calendar quarter;
- during the five consecutive business days immediately after any 10 consecutive trading day period in which the trading price per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Company's common stock on such trading day and the conversion rate on such trading day;
- upon the occurrence of specified corporate events; or
- if the Company calls any or all 2030 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the notes called for redemption.

On or after January 1, 2030, the 2030 Notes are convertible at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Holders of the 2030 Notes who convert the 2030 Notes in connection with a make-whole fundamental change, as defined in the indenture governing the 2030 Notes, or in connection with a redemption may be entitled to an increase in the conversion rate.

The 2030 Notes were not eligible for conversion as of September 30, 2026 and December 31, 2025. No sinking fund is provided for the 2030 Notes, which means that the Company is not required to redeem or retire them periodically. As of September 30, 2026 and December 31, 2025, the Company was in compliance with applicable covenants under the indentures governing the 2030 Notes.

*Capped Call Transactions*

In connection with the 2030 Notes offering, the Company paid $118.3 million to enter into privately negotiated capped call transactions (the "Capped Call Transactions") with certain financial institutions. The Capped Call Transactions cover, subject to anti-dilution adjustments, the number of shares of the Company's common stock initially underlying the 2030 Notes. The Capped Call Transactions have an expiration date of April 1, 2030.

The Company expects the Capped Call Transactions generally would reduce the potential dilution to the Company's common stock upon conversion of the notes or offset any cash payments that the Company could be required to make in excess of the principal amount of any converted notes, as the case may be, in the event that the market price per share of Lucid's common stock, as measured under the terms of the Capped Call Transactions, is greater than the strike price of the Capped Call Transactions. The initial strike price of the Capped Call Transactions corresponds to the initial conversion price of the 2030 Notes, or approximately $30.00 per share of the Company's common stock. The initial cap price of the Capped Call Transactions was $48.00 per share of the Company's common stock and is subject to customary anti-dilution adjustments.

The Capped Call Transactions were separate transactions, entered into by the Company with certain financial institutions, and were not part of the terms of the 2030 Notes. Holders of the 2030 Notes will not have any rights with respect to the Capped Call Transactions. The Company recorded the Capped Call Transactions as a reduction to additional paid-in capital in the condensed consolidated balance sheets as of September 30, 2026 and December 31, 2025, with no remeasurement in subsequent periods as they meet the conditions for equity classification.

*2031 Notes*

In November 2025, the Company issued an aggregate of $975.0 million principal amount of 7.00% convertible senior notes due in November 2031 in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act, at an issuance price equal to 100% of the principal amount of the 2031 Notes. The 2031 Notes were issued pursuant to and are governed by an indenture dated November 17, 2025, between the Company and U.S. Bank Trust Company, National Association as the trustee. The proceeds from the issuance of the 2031 Notes were $962.2 million, net of the debt issuance costs. Contemporaneously with the 2031 Notes offering, the Company entered into privately negotiated transactions with certain holders of the 2026 Notes to repurchase $755.7 million aggregate principal amount of the 2026 Notes, using $748.2 million of the net proceeds of the 2031 Notes.

The 2031 Notes are unsecured obligations which bear regular interest at 7.00% per annum and are payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2026. The 2031 Notes will mature on November 1, 2031, unless repurchased, redeemed, or converted in accordance with their terms prior to such date. The 2031 Notes are convertible into cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock, at the Company's election, at an initial conversion rate of 48.0475 shares of the Company's common stock per $1,000 principal amount of the 2031 Notes, which is equivalent to an initial conversion price of approximately $20.81 per share of the Company's common stock. The conversion rate and conversion price will be subject to customary adjustments upon the occurrence of certain events, including a reverse stock split. The Company may redeem for cash all or any portion of the 2031 Notes, at the Company's option, on or after November 6, 2028 and on or before the 31st scheduled trading day immediately preceding the maturity date, if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days at a redemption price equal to 100% of the principal amount of the 2031 Notes to be redeemed, plus accrued and unpaid interest up to the day before the redemption date. The holders may require the Company to repurchase the 2031 Notes on November 1, 2029 or upon the occurrence of certain fundamental change transactions at a redemption price equal to 100% of the principal amount of the 2031 Notes redeemed, plus accrued and unpaid interest up to the day before the redemption date.

Holders of the 2031 Notes may convert all or a portion of their 2031 Notes at their option prior to August 1, 2031, in multiples of $1,000 principal amounts, only under the following circumstances:

- during any calendar quarter commencing after the quarter ended on March 31, 2026 (and only during such calendar quarter), if the Company's common stock price exceeds 130% of the conversion price for at least 20 trading days during the 30 consecutive trading days at the end of the prior calendar quarter;
- during the five consecutive business days immediately after any 10 consecutive trading day period in which the trading price per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Company's common stock on such trading day and the conversion rate on such trading day;
- upon the occurrence of specified corporate events; or
- if the Company calls any or all 2031 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the notes called for redemption.

On or after August 1, 2031, the 2031 Notes are convertible at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Holders of the 2031 Notes who convert the 2031 Notes in connection with a make-whole fundamental change, as defined in the indenture governing the 2031 Notes, or in connection with a redemption may be entitled to an increase in the conversion rate.

The 2031 Notes were not eligible for conversion as of September 30, 2026 and December 31, 2025. No sinking fund is provided for the 2031 Notes, which means that the Company is not required to redeem or retire them periodically. As of September 30, 2026 and December 31, 2025, the Company was in compliance with applicable covenants under the indentures governing the 2031 Notes.

*Ayar Prepaid Forward Transactions*

In connection with the pricing of the 2030 Notes, Ayar entered into a privately negotiated prepaid forward transaction with a forward counterparty that is an affiliate of one of the initial purchasers of the 2030 Notes (the "Forward Counterparty"), pursuant to which Ayar will purchase approximately $430.0 million of the Company's common stock with delivery expected to occur on or about the maturity date for the 2030 Notes, subject to the ability of the Forward Counterparty to elect to settle all or a portion of the prepaid forward transaction early.

In connection with the pricing of the 2031 Notes, Ayar entered into a privately negotiated prepaid forward transaction with the Forward Counterparty, pursuant to which Ayar will purchase approximately $636.7 million of the Company's common stock with delivery expected to occur on or about the maturity date for the 2031 Notes, subject to the ability of the Forward Counterparty to elect to settle all or a portion of the prepaid forward transaction early.

The Company is not a party to the prepaid forward transactions. In connection with Ayar agreeing to enter into and fund the prepaid forward transactions, the Company has agreed to pay a periodic cash fee to Ayar, which shall initially accrue at a rate of 0.5% per annum on the amount of the prepaid forward transactions and be recalculated to reflect any early settlement of the prepaid forward transactions. The periodic fee incurred associated with the prepaid forward transactions was not material for the three and nine months ended September 30, 2026 and 2025.

***SIDF Loan Agreement***

On February 27, 2022, Lucid LLC, a limited liability company established in Saudi Arabia and a subsidiary of the Company ("Lucid LLC") entered into a loan agreement (as subsequently amended, the "SIDF Loan Agreement") with Saudi Industrial Development Fund ("SIDF"), a related party of the PIF, which is an affiliate of Ayar. Under the SIDF Loan Agreement, SIDF has committed to provide loans (the "SIDF Loans") to Lucid LLC in an aggregate principal amount of up to SAR 5.19 billion (approximately $1.4 billion); provided that SIDF may reduce the availability of SIDF Loans under the facility in certain circumstances. SIDF Loans will be subject to repayment in semi-annual installments in amounts ranging from SAR 25 million (approximately $6.7 million) to SAR 350 million (approximately $93.2 million). SIDF Loans will be used to finance certain costs in connection with the development and construction of AMP-2. Lucid LLC may repay SIDF Loans earlier than the maturity date without penalty. Obligations under the SIDF Loan Agreement do not extend to the Company or any of its other subsidiaries.

SIDF Loans will not bear interest. Instead, Lucid LLC will be required to pay SIDF service fees, consisting of follow-up and technical evaluation fees, ranging, in aggregate, from SAR 415 million (approximately $110.5 million) to SAR 1.77 billion (approximately $471.4 million), over the term of the SIDF Loans. SIDF Loans will be secured by security interests in the equipment, machines and assets funded thereby.

The SIDF Loan Agreement contains certain restrictive financial covenants and imposes annual caps on Lucid LLC's payment of dividends, distributions of paid-in capital, or certain capital expenditures. The SIDF Loan Agreement also defines customary events of default, including abandonment of or failure to commence operations at the plant in the King Abdullah Economic City ("KAEC"), and drawdowns under the SIDF Loan Agreement are subject to certain conditions precedent. As of September 30, 2026 and December 31, 2025, no amount was outstanding under the SIDF Loan Agreement.

***GIB Facility Agreement***

On April 29, 2022, Lucid LLC entered into a revolving credit facility agreement (the "GIB Facility Agreement") with GIB, maturing on February 28, 2025. GIB is a related party of the PIF, which is an affiliate of Ayar. The GIB Facility Agreement provided for two committed revolving credit facilities in an aggregate principal amount of SAR 1.0 billion (approximately $266.1 million). On March 12, 2023, Lucid LLC entered into the 2023 Amended GIB Facility Agreement to combine the two committed revolving credit facilities into a committed SAR 1.0 billion (approximately $266.1 million) revolving credit facility ("2023 GIB Credit Facility") which may be used for general corporate purposes.

On February 24, 2025, Lucid LLC entered into the 2025 GIB Credit Facility maturing on February 24, 2028 to increase the credit facility committed amount from SAR 1.0 billion (approximately $266.1 million) to SAR 1.9 billion (approximately $506.0 million). Loans under the 2025 GIB Credit Facility may be used for general corporate purposes, have a maturity of no more than 12 months, and bear interest at a rate of 1.40% per annum over SAIBOR (based on the term of borrowing) and associated fees. The Company is required to pay a quarterly commitment fee of 0.25% per annum based on the unutilized portion of the 2025 GIB Credit Facility. Commitments under the 2025 GIB Credit Facility will terminate, and all amounts then outstanding thereunder would become payable, on the maturity date of the 2025 GIB Credit Facility.

The commitment fees for the three and nine months ended September 30, 2026 and 2025 were not material. The 2025 GIB Credit Facility contains certain conditions precedent to drawdowns, representations and warranties and covenants of Lucid LLC and events of default.

As of September 30, 2026 and December 31, 2025, the Company had outstanding borrowings of SAR 1,890.0 million (approximately $503.4 million) and SAR 1,755.0 million (approximately $468.0 million), respectively. The outstanding borrowings were recorded within current portion of debt in the condensed consolidated balance sheets. The weighted average interest rate on the outstanding borrowings was 6.27% and 6.44% as of September 30, 2026 and December 31, 2025, respectively. As of September 30, 2026 and December 31, 2025, availability under the GIB credit facility was SAR 8.7 million (approximately $2.3 million) and SAR 143.5 million (approximately $38.3 million), respectively, after giving effect to the outstanding letters of credit. The Company recorded interest expense of SAR 30.2 million (approximately $8.1 million) and SAR 89.6 million (approximately $23.9 million) during the three and nine months ended September 30, 2026, respectively, and SAR 18.7 million (approximately $5.0 million) and SAR 41.6 million (approximately $11.1 million) for the same periods in the prior year, respectively. As of September 30, 2026 and December 31, 2025, the Company was in compliance with applicable covenants under the GIB credit facility.

***ABL Credit Facility***

In June 2022, the Company entered into a five-year senior secured asset-based revolving credit facility ("ABL Credit Facility") with a syndicate of banks that may be used for working capital and general corporate purposes. The ABL Credit Facility provides for an initial aggregate principal commitment amount of up to $1.0 billion (including a $350.0 million letter of credit subfacility and a $100.0 million swingline loan subfacility) and has a stated maturity date of June 9, 2027. Borrowings under the ABL Credit Facility bear interest at the applicable interest rates specified in the credit agreement governing the ABL Credit Facility. In June 2024, the Company amended the ABL Credit Facility to update the Canadian reference rate. Availability under the ABL Credit Facility is subject to the value of eligible assets in the borrowing base and is reduced by outstanding loan borrowings and issuances of letters of credit which bear customary letter of credit fees. Subject to certain terms and conditions, the Company may request one or more increases in the amount of credit commitments under the ABL Credit Facility in an aggregate amount up to the sum of $500.0 million plus certain other amounts. The Company is required to pay a quarterly commitment fee of 0.25% per annum based on the unutilized portion of the ABL Credit Facility.

The ABL Credit Facility contains customary covenants that limit the ability of the Company and the ability of its restricted subsidiaries to, among other activities, pay dividends, incur debt, create liens and encumbrances, redeem or repurchase stock, dispose of certain assets, consummate acquisitions or other investments, prepay certain debt, engage in transactions with affiliates, engage in sale and leaseback transactions or consummate mergers and other fundamental changes. The ABL Credit Facility also includes a minimum liquidity covenant which, at the Company's option following satisfaction of certain pre-conditions, may be replaced with a springing, minimum fixed charge coverage ratio financial covenant, in each case on terms set forth in the credit agreement governing the ABL Credit Facility. As of September 30, 2026 and December 31, 2025, the Company was in compliance with applicable covenants under the ABL Credit Facility.

As of September 30, 2026 and December 31, 2025, the Company had no outstanding borrowings under the ABL Credit Facility. Outstanding letters of credit under the ABL Credit Facility were $135.5 million and $104.1 million as of September 30, 2026 and December 31, 2025, respectively. Availability under the ABL Credit Facility was $407.6 million (consisting of $263.4 million of unused credit availability and $144.2 million cash and cash equivalents) and $596.0 million (consisting of $396.8 million of unused credit availability and $199.2 million cash and cash equivalents) as of September 30, 2026 and December 31, 2025, respectively, after giving effect to the borrowing base and the outstanding letters of credit. The Company incurred issuance costs of $6.3 million to obtain the ABL Credit Facility, which was capitalized within other noncurrent assets in the condensed consolidated balance sheets and amortized over the facility term using the straight-line method. Commitment fee and amortization of the deferred issuance costs were $0.9 million and $2.6 million for the three and nine months ended September 30, 2026, respectively, and $0.9 million and $2.7 million for the same periods in the prior year, respectively.

***DDTL Credit Facility***

In August 2024, the Company entered into a five-year unsecured delayed draw term loan credit facility (the "DDTL Credit Facility") with Ayar, that may be used for working capital and general corporate purposes. The DDTL Credit Facility provides for a delayed draw term loan credit facility in an aggregate principal amount of $750.0 million and has a stated maturity date of August 4, 2029. Borrowings under the DDTL Credit Facility bear interest at the applicable interest rates specified in the credit agreement governing the DDTL Credit Facility.

In November 2025, the Company increased the aggregate principal amount of the DDTL Credit Facility from $750.0 million to $1.98 billion. In April 2026, the Company borrowed $500.0 million under the DDTL Credit Facility. In April 2026, the Company also entered into Amendment No. 2 to Credit Agreement (the "DDTL Amendment"), pursuant to which the aggregate undrawn delayed commitments under the DDTL Credit Facility were increased by $500.0 million, such that, after giving effect to such increase, the aggregate sum of outstanding delayed draw term loans and aggregate undrawn commitments was increased to approximately $2.48 billion. The Company is required to pay a quarterly undrawn fee of 0.50% per annum based on the unutilized portion of the DDTL Credit Facility. In July 2026 and August 2026, the Company borrowed an additional $800.0 million and $400.0 million, respectively, under the DDTL Credit Facility.

The DDTL Credit Facility contains customary covenants that limit the ability of the Company and the ability of its restricted subsidiaries to, among other activities, pay dividends, incur debt, create liens and encumbrances, redeem or repurchase stock, dispose of certain assets, consummate acquisitions or other investments, prepay certain debt, engage in sale and leaseback transactions or consummate mergers and other fundamental changes. The DDTL Credit Facility included a minimum liquidity covenant, which was eliminated under the DDTL Amendment. The DDTL Amendment also removed the requirement that the Company fully utilize the borrowing availability under the ABL Credit Facility prior to making borrowings under the DDTL Credit Facility. As of September 30, 2026 and December 31, 2025, the Company was in compliance with applicable covenants under the DDTL Credit Facility.

As of September 30, 2026 and December 31, 2025, the Company had an outstanding principal balance of $1,690.9 million and nil, respectively, under the DDTL Credit Facility. The outstanding principal balance was recorded within debt, net of current portion in the condensed consolidated balance sheet. In October 2026, the Company also elected to capitalize interest accrued on the outstanding borrowings under the DDTL Credit Facility by increasing the outstanding principal balance, resulting in a $34.4 million increase in the outstanding principal balance related to the interest accrued as of September 30, 2026. The weighted average interest rate on the outstanding principal amount was 9.59% as of September 30, 2026. As of September 30, 2026 and December 31, 2025, availability under the DDTL credit facility was $778.8 million and $1,980.0 million, respectively. The Company recorded interest expense of $34.4 million and $46.3 million during the three and nine months ended September 30, 2026, and nil for the same periods in the prior year.

The Company incurred issuance costs of $6.2 million to obtain the DDTL Credit Facility during the year ended December 31, 2024, which was capitalized within other noncurrent assets in the condensed consolidated balance sheet and amortized over the facility term using the straight-line method. The Company incurred issuance costs of $9.2 million and $3.8 million to increase the aggregate delayed draw term commitment of the DDTL Credit Facility during the year ended December 31, 2025, and during the nine months ended September 30, 2026, respectively. These costs were capitalized within other noncurrent assets in the condensed consolidated balance sheets. During the three and nine months ended September 30, 2026, the Company reclassified $7.2 million and $10.0 million of the issuance costs and recorded it as an adjustment to the principal amount of the $500.0 million borrowed in April 2026, $800.0 million borrowed in July 2026 and $400.0 million borrowed in August 2026 within debt, net of current portion in the condensed consolidated balance sheet. The issuance costs recorded within other noncurrent assets and debt, net of current portion are amortized over the remaining term of the facility using the straight-line method.

Commitment fee, amortization of the deferred issuance costs and amortization of the adjustment to the outstanding borrowings were $2.5 million and $9.5 million for the three and nine months ended September 30, 2026, and $1.3 million and $3.8 million for the same periods in the prior year.

**NOTE 7 – REDEEMABLE CONVERTIBLE PREFERRED STOCK**

In March 2024, the Company entered into a subscription agreement (the “Series A Subscription Agreement”) with Ayar, pursuant to which Ayar purchased from the Company 100,000 shares of the Series A Redeemable Convertible Preferred Stock for an aggregate purchase price of $1.0 billion in a private placement. The Company received aggregate net proceeds of $997.6 million. In August 2024, the Company entered into a subscription agreement (the “Series B Subscription Agreement”) with Ayar, pursuant to which Ayar purchased from the Company 75,000 shares of the Series B Redeemable Convertible Preferred Stock for an aggregate purchase price of $750.0 million in a private placement. The Company received aggregate net proceeds of $749.4 million.

On April 14, 2026, the Company entered into a subscription agreement (the “Series C Subscription Agreement”) with Ayar, pursuant to which Ayar purchased from the Company 55,000 shares of the Series C Redeemable Convertible Preferred Stock for an aggregate purchase price of $550.0 million in a private placement. Subsequently, on April 28, 2026, the Company issued the shares to Ayar pursuant to the Series C Subscription Agreement and received aggregate net proceeds of $548.9 million. Due to the decrease in the Company’s stock price from April 14, 2026 to April 28, 2026, the Company determined the fair value of the Series C Subscription Agreement to be $292.4 million on the issuance date excluding the fair value of the derivative liability. As a result, the Company recognized a gain of $142.2 million during the nine months ended September 30, 2026. The valuation models and assumptions used to value the contract are consistent with the models described below with respect to the valuation of the embedded derivative for the Series C Redeemable Convertible Preferred Stock.

The shares of the Series A Redeemable Convertible Preferred Stock, the Series B Redeemable Convertible Preferred Stock and the Series C Redeemable Convertible Preferred Stock were issued pursuant to the certificate of designations of Series A Redeemable Convertible Preferred Stock (the “Series A Certificate of Designations”), the certificate of designations of the Series B Redeemable Convertible Preferred Stock (the “Series B Certificate of Designations”) and the certificate of designations of the Series C Redeemable Convertible Preferred Stock (the “Series C Certificate of Designations”) (collectively the “Certificate of Designations”), respectively. Pursuant to the respective purchase agreements, Ayar has agreed, with certain exceptions, that without prior written consent of the Company, it will not sell or transfer the Redeemable Convertible Preferred Stock during the twelve months after the date of the closing of the respective private placement.

***Dividends:*** The Redeemable Convertible Preferred Stock ranks senior to the common stock with respect to dividends and distributions of assets upon the Company’s liquidation, dissolution or winding up. The Redeemable Convertible Preferred Stock has an initial value of $10,000 per share (the “Initial Value” and the Initial Value plus compounded and accrued dividends, the “Accrued Value”). Dividends on the Redeemable Convertible Preferred Stock are payable in the form of compounded cumulative dividends upon each share of the Redeemable Convertible Preferred Stock (paid-in-kind). Dividends accrue daily on the Initial Value (as increased for any compounded dividends previously compounded thereon) of each share of the Redeemable Convertible Preferred Stock at a rate of 9% per annum and compound on the basis of quarterly dividend payment dates on each March 31, June 30, September 30 and December 31 of each year, commencing June 30, 2024 for the Series A Redeemable Convertible Preferred Stock, September 30, 2024 for the Series B Redeemable Convertible Preferred Stock and June 30, 2026 for the Series C Redeemable Convertible Preferred Stock.

***Liquidation Preference:*** Upon a liquidation, dissolution or winding up of the Company, each holder of shares of the Redeemable Convertible Preferred Stock ("Holder") will be entitled to receive, with respect to each share of then-outstanding Redeemable Convertible Preferred Stock, out of the assets of the Company available for distribution to its stockholders an amount in cash equal to the greater of (a) an amount per share of the Redeemable Convertible Preferred Stock as of the date of such liquidation, dissolution or winding up equal to (i) the per share Accrued Value as of the relevant date multiplied by (ii) the relevant percentage (the product of (i) and (ii), the "Minimum Consideration"); and (b) the amount that such Holder would have received with respect to such share of the Redeemable Convertible Preferred Stock if all shares of the Redeemable Convertible Preferred Stock had been converted at their Accrued Value into shares of common stock on the business day immediately prior to the date of such liquidation, dissolution or winding up. As of September 30, 2026 and December 31, 2025, the liquidation preference of the Series A Redeemable Convertible Preferred Stock was $1,534.8 million and $1,350.4 million, respectively. As of September 30, 2026 and December 31, 2025, the liquidation preference of the Series B Redeemable Convertible Preferred Stock was $1,078.0 million and $949.2 million, respectively. As of September 30, 2026, the liquidation preference of the Series C Redeemable Convertible Preferred Stock was $591.9 million.

***Voting Rights:*** Each Holder is entitled to the number of votes equal to the number of whole shares of common stock into which the aggregate shares of the Redeemable Convertible Preferred Stock held by such Holder are convertible on the record date for determining stockholders entitled to vote on any matter presented to the stockholders of the Company for their action or consideration at any meeting of stockholders and on which matter holders of the common stock shall be entitled to vote. Holders are entitled to notice of any meeting of stockholders and, except as otherwise provided in the Certificate of Designations or otherwise required by law, to vote together as a single class with the holders of the common stock and any other class or series of stock entitled to vote thereon. The voting power of Holders for Series A Redeemable Convertible Preferred Stock and Series B Redeemable Convertible Preferred Stock is subject to a voting cap per share equal to the quotient of the $10,000 Initial Value and the minimum price ($27.70 for the Series A Redeemable Convertible Preferred Stock and $31.20 for the Series B Redeemable Convertible Preferred Stock). The voting power of Holders for Series C Redeemable Convertible Preferred Stock is subject to a voting cap equal to 301.4993 votes per share.

As long as at least 10% of the aggregate number of shares issued on the respective initial issue date remain outstanding, and subject to certain other conditions, Holders are entitled to a separate class vote with respect to, among other things, amendments to the Company's organizational documents that have an adverse effect on the Redeemable Convertible Preferred Stock, authorizations or issuances by the Company of capital stock of the Company that ranks senior or equal to the Redeemable Convertible Preferred Stock with respect to dividends or distributions on liquidation or the terms of which provide for cash dividends (other than the common stock), winding-up and dissolution, and decreases in the number of authorized shares of the Redeemable Convertible Preferred Stock. The Company also agreed that as long as Ayar owns at least 50% of the shares issued on the respective initial issue date, the Company will comply with certain debt incurrence covenants in its Credit Agreement, (i) dated as of June 9, 2022, by and among the Company, as the Borrower Representative, the other Borrowers party thereto from time-to-time, the Lenders and Issuing Banks from time-to-time party thereto and Bank of America, N.A., as Administrative Agent, as amended, which agreement may be waived with the sole consent of Ayar (ii) dated as of August 4, 2024, by and among the Company, as the Borrower, the Lenders party thereto and Ayar, as Administrative Agent, as amended, amended and restated, modified or waived from time-to-time.

***Conversion:*** Each share of the Redeemable Convertible Preferred Stock is convertible, at the option of the respective Holder, from time-to-time after the initial issue date, and without the payment of additional consideration by the Holder, (a) at any time that the closing price per share of the common stock on the trading day immediately preceding the date on which the Holder delivers the relevant notice of conversion is at least $55.00 for Series A Redeemable Convertible Preferred Stock and Series B Redeemable Convertible Preferred Stock, and $16.30 for Series C Redeemable Convertible Preferred Stock (subject to certain adjustments), unless the Company otherwise consents to such conversion in its sole discretion, or (b) in all events during certain specified periods relating to a fundamental change or optional redemption by the Company, into such number of fully paid and non-assessable shares of common stock as is determined by dividing (i) the applicable Accrued Value as of the conversion date by (ii) the applicable conversion price in effect as of such conversion date, which shall initially be $35.9520 for the Series A Redeemable Convertible Preferred Stock, $43.7990 for the Series B Redeemable Convertible Preferred Stock and $10.8160 for the Series C Redeemable Convertible Preferred Stock, subject to customary anti-dilution adjustments, including in the event of any stock split, stock dividend, recapitalization or similar events (the "Conversion Price").

***Mandatory Conversion:*** On or after the third anniversary of the initial issue date, if at any time (i) the daily VWAP of the common stock has been at least 200% of the Conversion Price for at least twenty (20) trading days (whether or not consecutive) during any thirty (30) consecutive trading days (including the last day of such period) and (ii) certain common stock liquidity conditions are satisfied, the Company will have the right, exercisable at its election within fifteen (15) business days following completion of the applicable thirty (30) trading day period, to cause all or any portion of the Redeemable Convertible Preferred Stock to convert into a number of fully paid and non-assessable shares of common stock, as determined by dividing (i) the applicable Accrued Value as of the conversion date by (ii) the Conversion Price in effect as of such conversion date. The Company will be required to pay an additional amount per share of the Redeemable Convertible Preferred Stock payable in cash, shares of common stock valued based on a five-day average daily VWAP or a combination thereof in respect of such conversion equal to the greater of (x) the difference between (i) the Minimum Consideration and (ii) the value of the shares of common stock delivered upon mandatory conversion thereof and (y) zero.

***Fundamental Change:*** Upon a fundamental change, the Holders will be entitled, on the fundamental change repurchase date specified by the Company, to receive an amount equal to the greater of (a) the Minimum Consideration and (b) an amount equal to the value that such Holder would have received if it had converted its shares of the Redeemable Convertible Preferred Stock into shares of common stock on the business day immediately before the fundamental change repurchase date. The fundamental change repurchase price may be paid in cash, shares of common stock (or other securities to be received by a holder of common stock in such fundamental change) valued based on a five-day average daily VWAP (with the number of shares of common stock rounded up to the nearest whole share), or a combination thereof, at the Company's election. The Company may not elect to deliver shares of its common stock (or other securities to be received by a holder of common stock in such fundamental change) in partial or full satisfaction of the fundamental change repurchase price, if certain common stock liquidity conditions are not satisfied.

***Optional Redemption:*** On or after the fifth anniversary of the initial issue date, the Company may redeem all or any portion of the Redeemable Convertible Preferred Stock at a redemption price per share equal to the greater of (a) the Minimum Consideration and (b) an amount equal to the value (calculated based on a twenty (20)-day average daily VWAP) of the number of shares of common stock if it had converted its shares of the Redeemable Convertible Preferred Stock into shares of common stock as of the redemption date. Such redemption price may be paid in cash, shares of common stock valued based on a twenty (20)-day average daily VWAP, or a combination thereof, at the Company's election. The Company may not pay any portion of such redemption price in shares of common stock if the common stock liquidity conditions are not satisfied.

While the Redeemable Convertible Preferred Stock is callable after five years at the Company's option, the Redeemable Convertible Preferred Stock is considered redeemable at the option of Ayar and was classified as mezzanine equity, because it holds majority voting power of the Company.

The Company accretes the Redeemable Convertible Preferred Stock to its redemption value, which is the greater of (a) the Minimum Consideration and (b) an amount equal to the value that such Holder would have received if it had converted its shares of the Redeemable Convertible Preferred Stock into shares of common stock as of the Redemption Date. In certain circumstances, the redemption price may vary based on changes in stock price, in which case the Company recognizes changes in the redemption value immediately as they occur and adjusts the carrying value of the security to equal the then current maximum redemption value at the end of each reporting period. The Company recorded accretion of $65.3 million and $195.1 million related to the Series A Redeemable Convertible Preferred Stock during the three and nine months ended September 30, 2026, respectively, and $25.3 million and $379.9 million for the same periods in the prior year, respectively. The Company recorded accretion of $45.5 million and $134.2 million related to the Series B Redeemable Convertible Preferred Stock during the three and nine months ended September 30, 2026, respectively, and $30.8 million and $241.0 million for the same periods in the prior year, respectively. The Company recorded accretion of $139.1 million and $251.0 million related to the Series C Redeemable Convertible Preferred Stock during the three and nine months ended September 30, 2026, respectively.

Accretion of the Redeemable Convertible Preferred Stock was reflected as adjustments to additional paid-in capital in the condensed consolidated balance sheets as of September 30, 2026 and December 31, 2025. The carrying value of the Series A Redeemable Convertible Preferred Stock was $1,534.7 million and $1,339.6 million as of September 30, 2026 and December 31, 2025, respectively. The carrying value of the Series B Redeemable Convertible Preferred Stock was $1,078.0 million and $943.8 million as of September 30, 2026 and December 31, 2025, respectively. The carrying value of the Series C Redeemable Convertible Preferred Stock was $543.4 million as of September 30, 2026.

The Company assessed the above features to determine whether any features are required to be bifurcated and separately accounted for as an embedded feature. The Company concluded that the conversion features, inclusive of all settlement outcomes where the pay-off is indexed to the if-converted value, meet all the requirements to be separately accounted for as a bifurcated derivative. As a result, the Company bifurcated the Redeemable Convertible Preferred Stock between (i) the host contracts which are accounted for within mezzanine equity as described above, and (ii) the bifurcated derivative liabilities related to the conversion features. The proceeds from issuance were first allocated to the fair value of the bifurcated derivatives with the residual being allocated to the host contracts. The bifurcated derivatives are remeasured to fair value at each reporting period with changes in fair value recorded in the condensed consolidated statement of operations and comprehensive loss.

As of September 30, 2026, the Company remeasured the derivative liabilities for the Redeemable Convertible Preferred Stock to a fair value of $48.5 million, primarily related to Series C Redeemable Convertible Preferred Stock. As of December 31, 2025, the Company remeasured the derivative liabilities to a fair value of $16.2 million, comprising of $10.8 million related to Series A Redeemable Convertible Preferred Stock and $5.4 million related to Series B Redeemable Convertible Preferred Stock. The Company recognized gains of $115.2 million and $83.1 million for the three and nine months ended September 30, 2026, respectively, and a loss of $36.4 million and a gain of $356.8 million for the same periods in the prior year, respectively, in change in fair value of derivative liabilities and subscription agreements associated with redeemable convertible preferred stock (related party) in the condensed consolidated statements of operations and comprehensive loss.

The Company estimated the fair value of the derivative liabilities using a binomial lattice model with the volatility, credit spread, and term as significant unobservable inputs. Assumptions used in the valuation also take into account the contractual terms as well as the quoted price of the Company's common stock in an active market. Significant changes in any of those inputs in isolation would result in significant changes to the fair value measurement.

The level 3 fair value inputs used in the valuation of the derivative liabilities associated with the Redeemable Convertible Preferred Stock were as follows:

| | September 30, 2026 | | | December 31, 2025 | |
|---|---|---|---|---|---|
| | Series A Derivative Liability | Series B Derivative Liability | Series C Derivative Liability | Series A Derivative Liability | Series B Derivative Liability |
| Volatility | 40.0 % | 40.0 % | 40.0 % | 40.0 % | 40.0 % |
| Credit spread | 35.9 % | 35.9 % | 35.9 % | 23.9 % | 23.9 % |
| Stock price | $ 4.07 | $ 4.07 | $ 4.07 | $ 10.57 | $ 10.57 |
| Term (in years) | 2.5 | 2.9 | 4.6 | 3.2 | 3.6 |
| Risk-free rate | 4.9 % | 4.9 % | 5.0 % | 3.5 % | 3.6 % |

**NOTE 8 – STOCKHOLDERS' EQUITY (DEFICIT)**

***Common Stock***

In July 2025, the Company entered into a Vehicle Production Agreement (the "First VPA") with Uber Technologies, Inc. ("Uber") and a subscription agreement (the "2025 Subscription Agreement") with SMB Holding Corporation ("SMB"), a subsidiary of Uber. Under the First VPA, Uber and its designated fleet operators agreed to purchase a minimum commitment of 20,000 Lucid Gravity vehicles that would be modified to include certain autonomous driving hardware and other features (the "Lucid Gravity Plus vehicles"). Under the 2025 Subscription Agreement, the Company agreed to issue and SMB agreed to purchase, in a private placement, the Company's common stock equal to (i) $300.0 million in cash divided by (ii) an amount equal to the arithmetic average of the daily volume-weighted average price of the common stock over a period of 30 consecutive trading days ending on, and including, July 15, 2025. In September 2025, the Company and SMB entered into an amendment to the 2025 Subscription Agreement to reflect the adjustments made to the number of placement shares and purchase price per placement share therein due to the Reverse Stock Split. The Company also consummated the private placement of shares to SMB and issued 13,715,121 shares at a price per share of $21.87, for aggregate net proceeds of $299.7 million after deducting issuance costs of $0.3 million in September 2025.

In April 2026, the Company entered into a Second Vehicle Production Agreement (as amended by the Amendment No. 1 to the Second Vehicle Production Agreement dated July 10, 2026, the "Second VPA", together with the First VPA, the "VPAs") with Uber and a subscription agreement (the "2026 Subscription Agreement") with SMB. Under the Second VPA, Uber and its designated fleet operators agreed to purchase a minimum commitment (the "Minimum Quantity Guarantee") of 25,000 Lucid Midsize platform vehicles for use as robotaxis that would be modified to include certain autonomous driving hardware and other features (the "Lucid Midsize Plus vehicles") over a six-year period following the start of production. Start of production of Lucid Midsize Plus vehicles is targeted to occur in late 2028. Pursuant to the offset provisions under the First VPA the Company entered into with Uber in July 2025, the Minimum Quantity Guarantee increased the aggregate number of Lucid Gravity Plus and Lucid Midsize Plus vehicles Uber is committed to purchase to at least 35,000 units. Under the 2026 Subscription Agreement, the Company agreed to issue and SMB agreed to purchase, in a private placement, $200.0 million of its common stock. The Company also consummated the private placement of shares to SMB and issued 24,038,462 shares at a price per share of $8.32, for aggregate net proceeds of $199.8 million after deducting issuance costs of $0.2 million in April 2026.

The shares of common stock sold to SMB pursuant to the 2025 Subscription Agreement and the 2026 Subscription Agreement were sold based upon reliance on the exemption from registration provided in Section 4(a)(2) of the Securities Act. SMB may not transfer the shares of common stock acquired under the 2025 Subscription Agreement and the 2026 Subscription Agreement for a period of 18 months after the closing of the private placement.

In April 2026, the Company entered into an underwriting agreement (the "2026 Underwriting Agreement") with BofA Securities, Inc. (the "Underwriter"), under which the Underwriter agreed to purchase 36,057,692 shares of the Company's common stock. In April 2026, the Company issued the shares to the Underwriter pursuant to the 2026 Underwriting Agreement at a price per share of $8.11, and received aggregate net proceeds of $291.5 million after deducting issuance costs of $1.0 million.

Issuance costs incurred were recorded as a reduction of the gross proceeds received from the equity offerings within additional paid-in capital in the condensed consolidated balance sheets.

***Treasury Stock***

During the year ended December 31, 2021, the Company repurchased an aggregate of 85,782 shares of its common stock, including 71,274 shares from certain employees and 14,508 shares from board of directors of the Company's predecessor, Atieva, Inc. at $241.50 per share. No common stock was repurchased during the three and nine months ended September 30, 2026 and 2025.

***Common Stock Reserved for Issuance***

The Company's common stock reserved for future issuances as of September 30, 2026 was as follows:

| | September 30, 2026 |
|---|---|
| Stock options outstanding | 2,426,176 |
| Restricted stock units outstanding | 13,655,828 |
| Shares available for future grants under equity plans | 24,179,480 |
| If-converted common shares from 2026 Notes | 372,950 |
| If-converted common shares from 2030 Notes | 36,666,630 |
| If-converted common shares from 2031 Notes | 46,846,313 |
| If-converted common shares from Series A redeemable convertible preferred stock | 34,771,910 |
| If-converted common shares from Series B redeemable convertible preferred stock | 20,695,193 |
| If-converted common shares from Series C redeemable convertible preferred stock | 52,813,647 |
| Total shares of common stock reserved | 232,428,127 |

**NOTE 9 – STOCK-BASED AWARDS**

***Stock Options***

A summary of stock option activities, excluding performance-based stock options ("PSOs"), for the nine months ended September 30, 2026 is as follows:

| | Outstanding Options | | | |
|---|---|---|---|---|
| | Number of Options | Weighted Average Exercise Price | Weighted-Average Remaining Contractual Term | Intrinsic Value (in thousands) |
| Balance as of December 31, 2025 | 2,030,874 | $ 19.09 | 3.98 | $ 2,918 |
| Options exercised | (311,391) | 8.91 | | |
| Options canceled/forfeited | (293,307) | 40.02 | | |
| Balance as of September 30, 2026 | 1,426,176 | $ 17.00 | 3.07 | $ — |
| Options vested and exercisable as of September 30, 2026 | 1,404,425 | $ 16.23 | 3.05 | $ — |

As of September 30, 2026, unrecognized stock-based compensation cost related to outstanding unvested stock options, excluding PSOs, that are expected to vest was $0.7 million, and is expected to be recognized over a weighted-average period of 0.8 years.

In April 2026, the Company granted 1,000,000 shares of PSOs to its current CEO. These PSOs have a contractual term of 10 years from the date of grant. These awards are subject to both market capitalization targets and time-based vesting conditions during a 5-year performance period commencing on the date of grant, and are subject to the CEO's continued employment with the Company. As of September 30, 2026, none of the market capitalization targets or time-based vesting conditions had been achieved. The related stock-based compensation expense for the three and nine months ended September 30, 2026 was immaterial. As of September 30, 2026, unrecognized stock-based compensation cost related to these awards was $4.2 million, which is expected to be recognized over a weighted-average period of 2.7 years.

***RSUs***

A summary of RSU activities for the nine months ended September 30, 2026 is as follows:

| | Restricted Stock Units | | | |
|---|---|---|---|---|
| | Time-Based Shares | Performance-Based Shares | Total Shares | Weighted-Average Grant-Date Fair Value |
| Balance as of December 31, 2025 | 17,337,857 | 2,645,726 | 19,983,583 | $ 27.86 |
| Granted | 6,414,279 | 43,504 | 6,457,783 | $ 7.10 |
| Vested | (6,097,858) | (667,958) | (6,765,816) | $ 29.19 |
| Canceled/Forfeited | (4,750,936) | (1,268,786) | (6,019,722) | $ 27.19 |
| Balance as of September 30, 2026 | 12,903,342 | 752,486 | 13,655,828 | $ 17.68 |

As of September 30, 2026, unrecognized stock-based compensation cost related to outstanding unvested time-based RSUs that are expected to vest was $197.2 million, which is expected to be recognized over a weighted-average period of 1.7 years.

The Company granted 1,383,475 shares of the time-based RSUs to the former CEO that were scheduled to vest in sixteen equal quarterly installments, beginning on December 5, 2021, and were subject to continuous employment. The Company recognized compensation expense for these time-based RSUs on a graded vesting schedule over the requisite vesting period. The Company withheld approximately 47,714 and 143,138 shares of common stock for the three and nine months ended September 30, 2025, by net settlement to meet the related tax withholding requirements related to the former CEO's time-based RSUs. In February 2025, the Company announced the former CEO's resignation and transition. In connection with this transition, the Company recorded a reversal of $41.6 million related to previously recognized stock-based compensation expenses for his unvested time-based RSUs. As of December 31, 2025, there were no unrecognized stock-based compensation expenses related to the former CEO's time-based RSUs.

The Company granted performance-based RSUs to certain employees and they are subject to (i) corporate performance conditions and individual performance and (ii) a service condition that is generally satisfied over 3 years. The number of awards granted represents 100% of the target goal. Under the terms of the awards, the recipient may earn between 0% to 150% of the original number of grants based on actual achievement of corporate performance goals and individual performance. Stock-based compensation expense is recognized when the relevant performance condition is considered probable of achievement for the performance-based award. During the three and nine months ended September 30, 2026, the Company recorded a net stock-based compensation expense reversal of $0.5 million and stock-based compensation expenses of $3.2 million, respectively, related to these performance-based RSUs. During the three and nine months ended September 30, 2025, the Company recorded stock-based compensation expenses of $10.9 million and $23.3 million, respectively. As of September 30, 2026, the unamortized expense for the performance-based RSUs was $1.9 million, which will be recognized over a weighted-average period of 0.8 years primarily contingent upon realization of the corporate performance conditions.

***ESPP***

The ESPP authorizes the issuance of shares of common stock pursuant to purchase rights granted to employees. The plan provides for 24-month offering periods beginning in December and June of each year, and each offering period will consist of four six-month purchase periods. The purchase price for each share purchased during an offering period will be the lesser of 85% of the fair market value of the share on the purchase date or 85% of the fair market value of the share on the offering date. As of September 30, 2026, unrecognized stock-based compensation cost related to the ESPP was $17.2 million, which is expected to be recognized over a weighted-average period of 1.7 years.

***Stock-based Compensation Expense***

Total employee and nonemployee stock-based compensation expense for the three and nine months ended September 30, 2026 and 2025, was classified in the condensed consolidated statements of operations and comprehensive loss as follows (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Cost of revenue | $ 618 | $ 890 | $ 2,242 | $ 2,594 |
| Research and development | 23,543 | 70,342 | 86,812 | 139,358 |
| Selling, general and administrative | 12,417 | 43,823 | 51,861 | 56,937 |
| Workforce reduction charges | — | — | 3,302 | — |
| Total | $ 36,578 | $ 115,055 | $ 144,217 | $ 198,889 |

The Company capitalized stock-based compensation expenses of $6.2 million and $25.3 million for the three and nine months ended September 30, 2026, respectively, and $16.5 million and $34.8 million for the same periods in the prior year, respectively, primarily as part of the cost of inventory.

**NOTE 10 – LEASES**

The Company has entered into various non-cancellable operating and finance lease agreements for certain of the Company's offices, manufacturing and warehouse facilities, retail and service locations, equipment and vehicles, worldwide.

In August 2022, the Company entered into a four-year agreement ("Lease Agreement") to lease land in Casa Grande, Arizona adjacent to our manufacturing facility. The Company classified this lease as a finance lease because the Lease Agreement contained a purchase option which the Company was reasonably certain to exercise. As of December 31, 2025, assets and liabilities associated with the finance lease were $79.3 million and $79.4 million, respectively. In February 2026, the Company elected not to exercise the purchase option. As a result, the Company remeasured the lease-related assets and liabilities, and the remaining balances were immaterial. The Lease Agreement subsequently expired in August 2026, and the related lease assets and liabilities were derecognized and the balances were nil as of September 30, 2026.

Contemporaneously with the execution of the Lease Agreement, the Company entered into a sale agreement, pursuant to which the Company sold certain parcels of land for $31.7 million to the lessor and leased back these parcels of land under the Lease Agreement. The sale of the land and subsequent lease did not result in change in the transfer of control of the land; therefore, the sale-leaseback transaction was accounted for as a failed sale and leaseback financing obligation. The Company recorded $31.7 million of sales proceeds received as a financial liability within other current liabilities in the condensed consolidated balance sheet as of December 31, 2025. Upon expiration of the Lease Agreement, the related financial liability was derecognized, and the balance was nil as of September 30, 2026. The Company recognized a loss of $2.1 million within other expense, net in the condensed consolidated statement of operations and comprehensive loss during the three and nine months ended September 30, 2026.

The balances for the operating and finance leases where the Company is the lessee are presented as follows within the Company's condensed consolidated balance sheets (in thousands):

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| **Operating leases:** | | |
| Right-of-use assets | $ 243,925 | $ 241,974 |
| | | |
| Other current liabilities | $ 63,318 | $ 64,171 |
| Other long-term liabilities | 227,509 | 225,434 |
| Total operating lease liabilities | $ 290,827 | $ 289,605 |
| | | |
| **Finance leases:** | | |
| Property, plant and equipment, net[(1)] | $ 99,770 | $ 185,721 |
| Total finance lease assets | $ 99,770 | $ 185,721 |
| | | |
| Finance lease liabilities, current portion | $ 5,054 | $ 84,222 |
| Finance lease liabilities, net of current portion | 101,518 | 104,559 |
| Total finance lease liabilities[(1)] | $ 106,572 | $ 188,781 |

[(1)] As of September 30, 2026 and December 31, 2025, the Company recorded finance lease assets of $91.4 million and $95.3 million, respectively, and finance lease liabilities of $98.7 million and $98.9 million, respectively, related to certain facility leases assumed in connection with the asset acquisition from Nikola Corporation.

The components of lease expense were as follows within the Company's condensed consolidated statements of operations and comprehensive loss (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Operating lease expense:** | | | | |
| Operating lease expense[(1)] | $ 27,257 | $ 20,957 | $ 77,246 | $ 56,655 |
| Variable lease expense | $ 638 | $ 451 | $ 1,819 | $ 1,628 |
| | | | | |
| **Finance lease expense:** | | | | |
| Amortization of leased assets | $ 2,391 | $ 2,232 | $ 7,228 | $ 4,526 |
| Interest on lease liabilities | 2,518 | 3,208 | 9,087 | 7,143 |
| Total finance lease expense | $ 4,909 | $ 5,440 | $ 16,315 | $ 11,669 |
| Total lease expense | $ 32,804 | $ 26,848 | $ 95,380 | $ 69,952 |

[(1)] Excluded short-term leases, which were not material.

Other information related to leases where the Company is the lessee was as follows:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| **Weighted-average remaining lease term (in years):** | | |
| Operating leases | 5.2 | 5.2 |
| Finance leases | 16.3 | 9.9 |
| | | |
| **Weighted-average discount rate:** | | |
| Operating leases | 12.70 % | 11.50 % |
| Finance leases | 8.02 % | 7.33 % |

As of September 30, 2026, the maturities of the Company's operating and finance lease liabilities (excluding short-term leases) were as follows (in thousands):

| | Operating Leases | Finance Leases |
|---|---|---|
| 2026 (remainder of the year) | $ 23,377 | $ 3,289 |
| 2027 | 91,140 | 12,855 |
| 2028 | 76,396 | 10,972 |
| 2029 | 64,805 | 8,621 |
| 2030 | 52,279 | 8,752 |
| 2031 | 30,316 | 8,915 |
| Thereafter | 67,023 | 170,750 |
| Total minimum lease payments | 405,336 | 224,154 |
| Less: Interest | (114,509) | (117,582) |
| Present value of lease obligations | 290,827 | 106,572 |
| Less: Current portion | (63,318) | (5,054) |
| Long-term portion of lease obligations | $ 227,509 | $ 101,518 |

As of September 30, 2026, the Company entered into additional leases for facilities that have not yet commenced with undiscounted future lease payments of $25.4 million. The leases are expected to commence over the next twelve months.

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

**Contractual Obligations**

As of September 30, 2026 and December 31, 2025, the Company had $577.4 million and $929.5 million in commitments related to AMP-1 and AMP-2 plant and equipment, respectively. These commitments represent future expected payments on open purchase orders entered into as of September 30, 2026 and December 31, 2025.

The Company's non-cancellable long-term commitments primarily related to certain inventory component purchases. As of September 30, 2026, pursuant to the terms of agreements the Company entered into in connection with the supply of lithium-ion battery cells, the Company had remaining minimum purchase commitments of an aggregate of approximately $2.54 billion, calculated using the current base prices, which could vary period-to-period primarily as a result of changes in raw material indexes. The estimated future payments having a remaining term in excess of one year as of September 30, 2026 were as follows (in thousands):

| Years ended December 31, | Minimum Purchase Commitment |
|---|---|
| 2026 (remainder of the year) | $ 80,453 |
| 2027 | 424,096 |
| 2028 | 521,844 |
| 2029 | 515,344 |
| 2030 | 521,756 |
| Thereafter | 524,904 |
| Total | $ 2,588,397 |

**Legal Matters**

From time-to-time, the Company may become subject to legal proceedings, claims and litigation arising in the ordinary course of business. Some of these claims, lawsuits and other proceedings may involve highly complex issues that are subject to substantial uncertainties, and could result in damages, fines, penalties, non-monetary sanctions or relief.

***In re Lucid Group, Inc. Securities Litigation***

On April 1, 2022, and May 31, 2022, two alleged shareholders filed putative class actions under the federal securities laws in the United States District Court for the Northern District of California against the Company and certain officers of the Company relating to alleged statements, updated projections and guidance provided from late 2021 to early 2022. The two matters were consolidated as In re Lucid Group, Inc. Securities Litigation. The complaint alleges that the Company and its former CEO made false or misleading statements about the Company's 2022 production targets in violation of Sections 10(b) and 20(a) of the Exchange Act. Defendants deny these allegations and are vigorously defending the case. At this point in the matter, we are unable to predict the outcome or potential exposure.

Nine purported shareholders have filed derivative cases in various courts putatively on behalf of the Company against certain of the Company's current and former directors based on allegations similar to those in the In re Lucid Group, Inc. Securities Litigation action. These cases raise claims such as a breach of fiduciary duty, unjust enrichment, waste of corporate assets, and aiding and abetting a breach of fiduciary duty. All nine derivative actions are currently stayed.

***Eke v. Lucid Group, Inc., et al.***

On May 29, 2026, a shareholder filed a putative class action alleging claims under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 against the Company, the Company's then Interim Chief Executive Officer Marc Winterhoff, and Chief Financial Officer Taoufiq Boussaid (Eke v. Lucid Group Inc. et al., U.S. District Court N.D. Cal., Case No. 3:26-cv-05128). The complaint alleges that Defendants made false or misleading statements about and/or failed to disclose, among other things, that a supplier quality issue had significantly disrupted deliveries of the Lucid Gravity. Defendants deny these allegations and plan to vigorously defend the case. At this point in the matter, we are unable to predict the outcome or potential exposure.

On June 16, 2026, a shareholder filed a derivative action on behalf of the Company against certain current and former directors and officers alleging claims substantially similar to those in *Eke v. Lucid Group, Inc. et al*. The case alleges claims such as a breach of fiduciary duty, unjust enrichment, and waste of corporate assets. Defendants deny these allegations and plan to vigorously defend the case. The case is currently stayed. At this point in the matter, we are unable to predict the outcome or potential exposure.

The Company is evaluating certain loss contingencies arising from supplier contract claims that could result in additional obligations of the Company. As of September 30, 2026, the Company's accrual for losses deemed probable and reasonably estimable was not material. While the ultimate outcome of these matters remains uncertain, it is reasonably possible that the Company may incur losses in excess of the amounts accrued. The Company will continue to assess these contingencies as additional information becomes available and will update its estimates, as appropriate, in future reporting periods.

While we have registered and applied for trademarks in an effort to protect our brand and goodwill with customers, competitors or other third parties have previously opposed, currently oppose, and may continue to oppose our trademark applications or otherwise challenge our use of the trademarks and other brand names in which we have invested. Such oppositions and challenges can be expensive and may adversely affect our ability to maintain the goodwill gained in connection with a particular trademark. In addition, we may lose our trademark or be unable to submit specimens of use by the applicable deadline to perfect such trademark rights.

At this time, the Company does not consider any such claims, lawsuits or proceedings that are currently pending, individually or in the aggregate, including the matters referenced above, to be material to the Company's business or likely to result in a material adverse effect on its future operating results, financial condition or cash flows should such proceedings be resolved unfavorably.

**Indemnification**

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to customers, vendors, investors, directors, officers, and certain key employees with respect to certain matters, including, but not limited to, losses arising out of our breach of such agreements, services to be provided by the Company, or from intellectual property infringement claims made by third parties. These indemnification provisions may survive termination of the underlying agreement and the maximum potential amount of future payments the Company could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is indeterminable. The Company has never paid a material claim, nor has it been sued in connection with these indemnification arrangements. The Company has indemnification obligations with respect to letters of credit and surety bond primarily used as security against facility leases, utilities infrastructure and other agreements that require securitization. The indemnification obligations were $179.2 million and $130.9 million as of September 30, 2026 and December 31, 2025, respectively, for which no liabilities are recorded in the condensed consolidated balance sheets.

**NOTE 12 - INCOME TAXES**

The Company's provision for (benefit from) income taxes for interim periods is determined using its effective tax rate that arises during the period. The Company's quarterly tax provision is subject to variation due to several factors, including variability in pre-tax income (or loss), the mix of jurisdictions to which such income relates, changes in how the Company does business, the valuation allowance against deferred tax assets, and tax law developments.

The Company's effective tax rate was 0.0% for the three and nine months ended September 30, 2026, and 0.0% and 0.2% for the same periods in the prior year, due to minimal profits in foreign jurisdictions and U.S. losses for which no benefit will be realized.

On July 4, 2025, the One Big, Beautiful Bill Act ("OBBBA") was signed into law, introducing significant changes to the U.S. federal income tax code. The OBBBA included provisions that allow for the immediate expensing of domestic research and development expenses and certain capital expenditures, as well as other changes related to the U.S. taxation of profits derived from foreign operations. The Company elected to fully amortize its previously capitalized domestic research and development expenses. Due to the Company's full valuation allowance on its U.S. deferred tax assets, the net tax impact of the legislation is immaterial.

**NOTE 13 - NET LOSS PER SHARE**

Basic and diluted net loss per share attributable to common stockholders are calculated as follows (in thousands, except share and per share amounts):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Net loss** | $ (830,859) | $ (978,428) | $ (2,894,054) | $ (1,884,031) |
| Accretion of redeemable convertible preferred stock (related party) | (249,911) | (56,121) | (580,298) | (620,869) |
| **Net loss attributable to common stockholders, basic** | $ (1,080,770) | $ (1,034,549) | $ (3,474,352) | $ (2,504,900) |
| Interest expense on 2026 Notes | — | — | — | 4,283 |
| Gain on extinguishment of debt | — | — | — | (116,360) |
| **Net loss attributable to common stockholders, diluted** | $ (1,080,770) | $ (1,034,549) | $ (3,474,352) | $ (2,616,977) |
| | | | | |
| Weighted-average shares outstanding, basic | 394,598,004 | 312,166,297 | 368,570,326 | 307,177,163 |
| Dilutive effect of 2026 Notes, using if-converted method | — | — | — | 682,652 |
| Weighted-average shares outstanding, diluted | 394,598,004 | 312,166,297 | 368,570,326 | 307,859,815 |
| | | | | |
| **Net loss per share:** | | | | |
| Basic | $ (2.74) | $ (3.31) | $ (9.43) | $ (8.15) |
| Diluted | $ (2.74) | $ (3.31) | $ (9.43) | $ (8.50) |

The following outstanding shares of potentially dilutive securities were excluded from the computation of diluted net loss per share attributable to common stockholders because including them would have had an anti-dilutive effect:

| | September 30, | |
|---|---|---|
| **Excluded Securities** | 2026 | 2025 |
| Private placement warrants to purchase common stock | — | 4,435,000 |
| Options outstanding to purchase common stock | 1,426,176 | 2,126,834 |
| RSUs outstanding | 13,031,771 | 17,821,698 |
| Employee stock purchase plan | 6,981,038 | 2,063,879 |
| If-converted common shares from 2026 Notes | 372,950 | 1,752,540 |
| If-converted common shares from 2030 Notes | 36,666,630 | 36,666,630 |
| If-converted common shares from 2031 Notes | 46,846,313 | — |
| If-converted common shares from Series A redeemable convertible preferred stock | 34,771,910 | 31,810,851 |
| If-converted common shares from Series B redeemable convertible preferred stock | 20,695,193 | 18,932,860 |
| If-converted common shares from Series C redeemable convertible preferred stock | 52,813,647 | — |
| Total | 213,605,628 | 115,610,292 |

The Capped Call Transactions were also excluded from the computation of diluted net loss per share as they would be anti-dilutive. As of September 30, 2026, 1,000,000 shares of common stock equivalents related to stock options were excluded from the anti-dilutive table above. In addition, 624,057 and 2,803,208 shares of common stock equivalents related to RSUs were excluded from the anti-dilutive table above as of September 30, 2026 and 2025, respectively. The underlying shares associated with these stock options and RSUs remain contingently issuable because the applicable market or corporate performance vesting conditions had not been satisfied as of September 30, 2026 and 2025.

**NOTE 14 - EMPLOYEE BENEFIT PLAN**

The Company has a 401(k) savings plan (the "401(k) Plan") that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Under the 401(k) Plan, participating employees may elect to contribute up to 100% of their eligible compensation, subject to certain limitations. The 401(k) Plan provides for a discretionary employer-matching contribution. The matching contribution expense under the Company's 401(k) Plan was not material for the three and nine months ended September 30, 2026 and 2025.

**NOTE 15 - RELATED PARTY TRANSACTIONS**

***Leases***

In February 2022, the Company entered into a lease agreement with KAEC, a related party of the PIF, which is an affiliate of Ayar, for its first international manufacturing plant in Saudi Arabia. The lease has an initial term of 25 years expiring in 2047. The right-of-use asset related to this lease was $3.8 million and $4.0 million as of September 30, 2026 and December 31, 2025, respectively. The lease liability was $6.8 million and $6.5 million as of September 30, 2026 and December 31, 2025, respectively. The right-of-use asset and lease liability were recorded in right-of-use assets and other long-term liabilities in the condensed consolidated balance sheets, respectively. The lease expense recorded was immaterial for the three and nine months ended September 30, 2026 and 2025.

In July 2023, the Company entered into a lease agreement with King Abdullah Financial District Development and Management Company, a subsidiary of the PIF, which is an affiliate of Ayar, for its corporate office in Saudi Arabia. The lease has an initial term of six years expiring in 2029. The right-of-use asset related to this lease was $1.4 million and $1.7 million as of September 30, 2026 and December 31, 2025, respectively. The lease liability was $1.9 million and $2.4 million as of September 30, 2026 and December 31, 2025, respectively. The right-of-use asset and lease liability were recorded in right-of-use assets and primarily in other long-term liabilities in the condensed consolidated balance sheets, respectively. The lease expense recorded was immaterial for the three and nine months ended September 30, 2026 and 2025.

***Debt***

*Ayar Prepaid Forward Transactions*

In connection with the pricing of the 2030 Notes and 2031 Notes, Ayar entered into privately negotiated prepaid forward transactions with the Forward Counterparty. See Note 6 “Debt” for more information.

*SIDF Loan Agreement*

In February 2022, Lucid LLC entered into the SIDF Loan Agreement with the SIDF, a related party of the PIF, which is an affiliate of Ayar. Under the SIDF Loan Agreement, SIDF has committed to provide the SIDF Loans to Lucid LLC in an aggregate principal amount of up to SAR 5.19 billion (approximately $1.4 billion); provided that SIDF may reduce the availability of SIDF Loans under the facility in certain circumstances. See Note 6 “Debt” for more information.

*GIB Facility Agreement*

In April 2022, Lucid LLC entered into revolving credit facilities with GIB in an aggregate principal amount of SAR 1.0 billion (approximately $266.1 million). In February 2025, Lucid LLC entered into the 2025 GIB Credit Facility to increase the credit facility aggregate principal to SAR 1.9 billion (approximately $506.0 million). See Note 6 “Debt” for more information.

*DDTL Credit Facility*

As of September 30, 2026, the aggregate sum of outstanding loans and aggregate undrawn commitments under the five year DDTL Credit Facility with Ayar was $2.48 billion. After giving effect to the borrowings, availability under the DDTL Credit Facility was $778.8 million as of September 30, 2026. See Note 6 “Debt” for more information.

***MISA Agreements***

In February 2022, Lucid LLC entered into agreements with MISA, a related party of the PIF, which is an affiliate of Ayar, pursuant to which MISA has agreed to provide economic support for certain capital expenditures in connection with Lucid LLC’s ongoing design and construction of AMP-2. The support by MISA is subject to Lucid LLC’s completion of certain milestones related to the construction and operation of AMP-2. Following the commencement of construction, if operations at the plant do not commence within 30 months, or if the agreed scope of operations is not attained within 55 months, MISA may suspend availability of subsequent support.

Pursuant to the agreements, MISA has the right to require Lucid LLC to transfer the ownership of AMP-2 to MISA, at the fair market value thereof, reduced by an amortized value of the support provided in the event of customary events of default including abandonment or material and chronically low utilization of AMP-2. Alternatively, Lucid LLC is entitled to avoid the transfer of the ownership of AMP-2 by electing to pay such amortized value. The agreements will terminate on the fifteenth anniversary of the commencement of completely-built-up (“CBU”) operations at AMP-2 at the latest.

During the year ended December 31, 2023, the Company received support of SAR 366 million (approximately $97.5 million) in cash. As of December 31, 2024, the Company recorded $97.5 million as a deduction in calculating the carrying amount of the related assets in the consolidated balance sheet. During the year ended December 31, 2025 and three and nine months ended September 30, 2026, there were no further deductions to the carrying value of the related assets in the condensed consolidated balance sheets. There were no unfulfilled conditions and contingencies attached to the payments received.

***Construction Service Contract***

Lucid LLC entered into agreements with Al Bawani Company Limited ("Al Bawani"), an affiliate of the PIF, which is an affiliate of Ayar, for certain design and construction services in connection with the development of AMP-2. The capital expenditures incurred to date under these agreements were SAR 2,812.1 million (approximately $748.9 million) and SAR 2,147.8 million (approximately $572.7 million) as of September 30, 2026 and December 31, 2025, respectively. Amounts due to Al Bawani under these agreements were SAR 371.9 million (approximately $99.0 million) and SAR 306.0 million (approximately $81.6 million) as of September 30, 2026 and December 31, 2025, respectively, which was primarily recorded within other current liabilities in the condensed consolidated balance sheets.

***Subscription Agreements***

In March 2024, August 2024 and April 2026, the Company entered into the Series A Subscription Agreement, the Series B Subscription Agreement and the Series C Subscription Agreement, respectively, with Ayar. See Note 7 "Redeemable Convertible Preferred Stock" for more information.

In October 2024, the Company entered into a subscription agreement (the "2024 Subscription Agreement"), pursuant to which Ayar agreed to purchase from the Company 37,471,793 shares of common stock in a private placement. The 2024 Subscription Agreement also provided for Ayar to purchase additional shares of common stock in connection with any exercise by the Underwriter of its 30-day option to purchase additional shares pursuant to the underwriting agreement entered into with the Company in October 2024 (the "2024 Underwriting Agreement"). Following the Underwriter's exercise of such option, Ayar agreed to purchase an additional 2,147,045 shares of common stock. As of October 31, 2024, the Company consummated the private placement of shares to Ayar pursuant to the 2024 Subscription Agreement, at a price per share of $25.91, for aggregate net proceeds of $1,025.7 million after deducting issuance costs of $0.8 million.

Common stock acquired by Ayar under the 2024 Subscription Agreement, the Redeemable Convertible Preferred Stock acquired by Ayar under the Series A Subscription Agreement, the Series B Subscription Agreement and the Series C Subscription Agreement, and the common stock issuable upon conversion thereof are subject to the Investor Rights Agreement, which governs the registration for resale of such common stock and the Redeemable Convertible Preferred Stock.

***Human Resources Development Fund ("HRDF") Joint Cooperation Agreements***

In March 2023 and July 2025, Lucid LLC entered into joint cooperation agreements with HRDF, a related party of the PIF, which is an affiliate of Ayar. Pursuant to the agreements, Lucid LLC will train and develop local personnel in Saudi Arabia, and HRDF agreed to reimburse the Company training related costs in aggregate maximum amounts of SAR 29.3 million (approximately $7.8 million) and SAR 24.7 million (approximately $6.6 million), respectively.

The Company received payments of SAR 10.9 million (approximately $2.9 million) in cash during each of the years ended December 31, 2025 and 2024. Payments received during the three and nine months ended September 30, 2026 were immaterial. The deferred liability was nil as of September 30, 2026 and December 31, 2025, and the Company recorded the remaining deferred liability balance as a deduction to operating expenses in the condensed consolidated statement of operations and comprehensive loss. The deduction recorded to operating expenses in the condensed consolidated statement of operations and comprehensive loss was not material for the three and nine months ended September 30, 2026 and 2025.

***EV Purchase Agreement***

In August 2023, Lucid LLC entered into the EV Purchase Agreement with the Government of Saudi Arabia, a related party of the PIF, which is an affiliate of Ayar, as represented by the Ministry of Finance. The EV Purchase Agreement supersedes the letter of undertaking that Lucid LLC entered into in April 2022. Pursuant to the terms of the EV Purchase Agreement, the Government of Saudi Arabia and its entities and corporate subsidiaries and other beneficiaries (collectively, the "Purchaser") may purchase up to 100,000 vehicles, with a minimum purchase quantity of 50,000 vehicles and an option to purchase up to an additional 50,000 vehicles during a ten-year period. Under the EV Purchase Agreement, the Purchaser may reduce the minimum vehicle purchase quantity by the number of vehicles set out in any purchase order not accepted by us or by the number of any vehicles that Lucid LLC fails to deliver within six months from the date of the applicable purchase order. The Purchaser also has sole and absolute discretion to decide whether to exercise the option to purchase the additional 50,000 vehicles.

The Company recognized net vehicle sales amount of SAR 298.0 million (approximately $79.4 million) and SAR 803.5 million (approximately $214.0 million) during the three and nine months ended September 30, 2026, respectively, and SAR 128.4 million (approximately $34.3 million) and SAR 261.0 million (approximately $69.6 million) during the same periods in the prior year, respectively. The deferred revenue from the vehicle sales was primarily related to OTA and was recorded within other current liabilities and other long-term liabilities in the condensed consolidated balance sheets. As of September 30, 2026 and December 31, 2025, the deferred revenue balance was not material. The Company recorded amounts due from the Purchaser of SAR 615.6 million (approximately $163.9 million) and SAR 452.1 million (approximately $120.5 million) in accounts receivable, net in the condensed consolidated balance sheets as of September 30, 2026 and December 31, 2025, respectively. See "Vehicle Sales" section under Note 2 "Summary of Significant Accounting Policies" for the revenue recognition policies.

***Implementation Agreement with Aston Martin***

In June 2023, the Company entered into an agreement (the "Implementation Agreement") with Aston Martin, a related party of the PIF, which is an affiliate of Ayar, under which the Company and Aston Martin have established a long-term strategic technology and supply arrangement. On November 6, 2023, pursuant to the terms of the Implementation Agreement, integration and supply arrangements became effective, under which the Company will provide Aston Martin access to its powertrain, battery system, and software technologies, work with Aston Martin to integrate its powertrain and battery components with Aston Martin's battery EV chassis, and supply powertrain and battery components to Aston Martin (collectively, the "Strategic Technology Arrangement"). In connection with the commencement of the Strategic Technology Arrangement, the Company received technology access fees in 28,352,273 ordinary shares of Aston Martin and the first cash installment of $33.0 million. These shares were initially measured at a fair value of $73.2 million. As of September 30, 2026 and December 31, 2025, the Company remeasured the shares and recorded fair values of $13.0 million and $24.3 million within long-term investments in the condensed consolidated balance sheets, respectively. The Company will receive the remaining cash payments of $99 million phased over a period of three years. Aston Martin has also committed to an effective minimum spend with the Company on powertrain components of $225 million. In connection with the Strategic Technology Arrangement, the Company will also receive an aggregate of $10 million for integration service fees phased over a period of three years, of which the Company received $5.8 million from inception through September 30, 2026. As of September 30, 2026 and December 31, 2025, the Company recorded accounts receivable of $2.8 million. The Company accounts for technology access, integration service, and supply arrangement as a single performance obligation and recognizes revenue related to technology access and integration service based on estimated units of delivery under the supply arrangement. As of September 30, 2026 and December 31, 2025, the Company recorded $114.8 million as deferred revenue within other long-term liabilities in the condensed consolidated balance sheets, respectively.

***Time Deposit***

The Company purchases time deposits with GIB from time-to-time. GIB is a related party of the PIF, which is an affiliate of Ayar. As of September 30, 2026 and December 31, 2025, the Company recorded time deposit balance of nil and $50.0 million within short-term investments in the condensed consolidated balance sheets, respectively. See Note 5 "Fair Value Measurements and Financial Instruments" for more information.

***Uber Agreements***

Uber is a related party of the Company. Uber, through its subsidiary SMB, owned approximately 9.5% of the Company's outstanding common stock as of September 30, 2026. In addition, the Chairman of the Company's Board of Directors serves on Uber's Board of Directors, and the Company's Board of Directors appointed Uber's Chief Product Officer as a director in June 2026.

In July 2025, the Company entered into the First VPA with Uber and the 2025 Subscription Agreement with SMB, a subsidiary of Uber. In April 2026, the Company entered into the Second VPA with Uber and the 2026 Subscription Agreement with SMB. See Note 8 "Stockholders' Equity (Deficit)" for more information.

As of September 30, 2026, the Company had no material amounts due from or due to Uber or SMB related to these arrangements.

**NOTE 16 – SEGMENT REPORTING**

The Company operates in one reportable segment, as the Chief Operating Decision Maker ("CODM") reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. The Company's CODM is its Chief Executive Officer. The Company derives segment revenue primarily from the sale of EVs to customers, and the Company's reported measure of the segment's profit or loss is the consolidated net loss reported in the condensed consolidated statements of operations and comprehensive loss. The CODM uses the consolidated net loss for monitoring actual results to assess the Company's financial performance. The Company's CODM does not evaluate its reportable segment using asset information.

The disaggregation of the Company's revenue by geographic area based on the sales location where the sales originated was as follows (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| North America[1] | $ 262,188 | $ 288,482 | $ 788,201 | $ 729,749 |
| Middle East[2] | 82,292 | 38,378 | 222,773 | 82,835 |
| Other international | 5,839 | 9,720 | 27,157 | 18,476 |
| Total revenue | $ 350,319 | $ 336,580 | $ 1,038,131 | $ 831,060 |

[1] U.S. revenue was $253.6 million and $763.3 million for the three and nine months ended September 30, 2026, respectively, and $281.9 million and $713.0 million for the same periods in the prior year, respectively.
[2] Kingdom of Saudi Arabia revenue was $82.1 million and $222.3 million for the three and nine months ended September 30, 2026, respectively, and $38.0 million and $81.4 million for the same periods in the prior year, respectively.

The following table included information about reported segment revenue, segment profit or loss, and significant segment expenses (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Revenue | $ 350,319 | $ 336,580 | $ 1,038,131 | $ 831,060 |
| Less: | | | | |
| Cost of revenue - excluding LCNRV and provision for warranty | (483,704) | (460,578) | (1,335,104) | (1,092,334) |
| Cost of revenue - LCNRV | (94,478) | (192,141) | (632,037) | (528,456) |
| Cost of revenue - provision for warranty | (30,442) | (17,478) | (67,725) | (44,750) |
| Research and development expenses | (311,821) | (325,305) | (968,827) | (850,390) |
| Selling, general and administrative expenses | (286,191) | (283,097) | (890,799) | (752,129) |
| Workforce reduction charges | (1,270) | — | (72,879) | — |
| Change in fair value of common stock warrant liability | — | 444 | — | 18,627 |
| Change in fair value of equity securities of a related party | (1,226) | 916 | (10,898) | (8,589) |
| Change in fair value of derivative liabilities and subscription agreements associated with redeemable convertible preferred stock (related party) | 115,176 | (36,375) | 225,341 | 356,800 |
| Gain on extinguishment of debt | — | — | — | 116,360 |
| Interest income | 11,420 | 34,643 | 34,158 | 131,170 |
| Interest expense | (69,871) | (25,571) | (158,761) | (61,203) |
| Other expense, net | (29,063) | (10,829) | (53,719) | (4,292) |
| Benefit from (provision for) income taxes | 292 | 363 | (935) | 4,095 |
| Segment net loss | (830,859) | (978,428) | (2,894,054) | (1,884,031) |
| Consolidated net loss | $ (830,859) | $ (978,428) | $ (2,894,054) | $ (1,884,031) |

Depreciation and amortization expenses were $122.5 million and $361.2 million for the three and nine months ended September 30, 2026, respectively, and $120.1 million and $329.1 million for the same periods in the prior year, respectively.

The long-lived assets by geographic area were as follows (in thousands):

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| United States | $ 3,437,790 | $ 3,487,142 |
| Foreign[1] | 1,180,996 | 732,964 |
| Total long-lived assets | $ 4,618,786 | $ 4,220,106 |

[1] Kingdom of Saudi Arabia long-lived assets balance was $1,121.8 million and $658.6 million as of September 30, 2026 and December 31, 2025, respectively. No other individual foreign country had more than 10% of the total long-lived assets balance as of September 30, 2026 and December 31, 2025.

**NOTE 17 – SUBSEQUENT EVENTS**

In connection with the preparation of the condensed consolidated financial statements for the three and nine months ended September 30, 2026, the Company evaluated subsequent events and concluded there were no subsequent events that required recognition in the condensed consolidated financial statements.

***DDTL Credit Facility***

In October 2026, the Company borrowed $400.0 million under the DDTL Credit Facility. In November 2026, the Company entered into an Amendment No. 3 to Credit Agreement, pursuant to which, among other amendments, the aggregate undrawn delayed commitments under the DDTL Credit Facility were increased by $1.75 billion, such that, after giving effect to such increase, the aggregate sum of outstanding delayed draw term loans and aggregate undrawn commitments was increased to approximately $4.23 billion. After giving effect to such borrowing and the increase, availability under the DDTL Credit Facility was approximately $2.13 billion as of the date of filing. The Company incurred issuance costs of $26.3 million to increase the aggregate delayed draw term commitment of the DDTL Credit Facility.

***Long-term Incentive Program***

In November 2026, the Company granted long-term performance-based cash awards and RSUs to certain employees under its Amended and Restated 2021 Stock Incentive Plan. The cash awards are earned only if specified market capitalization hurdles and service conditions are satisfied, and any amount not earned by the fifth anniversary of the grant is forfeited. The RSUs generally vest quarterly over two years, subject to continued service. The Company has prepared preliminary estimated impacts of these awards to our financial statements and we do not expect a material impact on the consolidated statement of operations in any given year.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

## Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report and our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 24, 2026. This discussion may contain forward-looking statements based upon Lucid's current expectations, estimates and projections that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" in Part II, Item 1A of this Quarterly Report.*

*Unless otherwise noted, the share, per share, and related information in this Quarterly Report has been retrospectively adjusted to reflect the Reverse Stock Split.*

### Overview

We are a technology company that is shaping the future of mobility through our innovations, advanced technology, and software-defined vehicle platforms. Our award-winning Lucid Air and Lucid Gravity set new standards with their unmatched combination of performance, range, space, and efficiency. Our focus on in-house hardware and software innovation, vertical integration, and a "clean sheet" approach to engineering and design led to the development of the award-winning Lucid Air and Lucid Gravity, and our upcoming Midsize platform.

We sell vehicles directly to consumers through our retail sales network and online channels, including Lucid Financial Services. We believe that owning and operating our sales network allows us to closely manage the customer experience, gather direct feedback, and ensure that every interaction is tailored to customer needs. We are also actively exploring, and have adopted in certain international markets, alternative importer and agency models to enhance flexibility, preserve capital, and optimize our distribution strategy in response to evolving market dynamics. We also own and operate a vehicle service network comprised of service centers in major metropolitan areas and a fleet of mobile service vehicles. In addition to our in-house capabilities, we continue to grow an approved list of specially trained collision repair shops, which in some cases serve as repair hubs for mobile service.

### Recent Developments

*Strategic Priorities*

In August 2026, we announced three strategic priorities designed to improve execution and strengthen our business, as well as four "must-win" projects. Our three priorities are: (i) "Cash and Cost", which is focused on optimizing spending, investment decisions and capital allocation, while protecting the technologies and programs most important to our long-term competitiveness, (ii) "Customer and Quality", which is focused on strengthening the ownership experience to match the performance of our vehicles, and improving product readiness, delivery experience, service responsiveness and parts availability as we invest in technicians and dedicated staff to reduce wait times, and (iii) "Culture and Team", which is focused on simplifying our organization, reducing layers and clarifying accountability to accelerate decisions and build a culture of ownership, performance and consistent execution. The four must-win projects include (i) executing our cash flow improvement plan, (ii) advancing our robotaxi program with Uber and Nuro, Inc. ("Nuro"), (iii) transitioning AMP-2 from construction to industrialization, and (iv) launching our Midsize program.

*DDTL Credit Facility*

In October 2026, we borrowed additional funds under the DDTL Credit Facility, and in November 2026, we entered into Amendment No. 3 to the Credit Agreement to increase the aggregate undrawn delayed commitments under the facility. See Note 17 "Subsequent Events" to the condensed consolidated financial statements included elsewhere in this Quarterly Report for further information.

**Potential Impact of Adverse Economic Conditions and Trade Policy Uncertainties on our Business**

A global economic recession, downturn or other adverse economic conditions, whether due to changes or uncertainties in trade policies, the imposition or proposed imposition of tariffs, export controls, threat of a trade war, persistent inflation, political instability, global or regional conflicts or other geopolitical events, public health crises, interest rate increases or other central bank policy actions, bank closures and liquidity concerns at financial institutions, or other factors, have in the past and may in the future have an adverse impact on our business, prospects, financial condition and results of operations. If any of our suppliers, sub-suppliers or partners experience financial distress, insolvency or disruptions in operations, they may be unable to fulfill their obligations or meet our production and quality requirements. Adverse economic conditions and uncertainty about the current and future domestic or global economic conditions may also cause our customers to defer purchases or cancel their orders in response to higher interest rates, limited consumer credit availability, lower cash reserves, fluctuations in foreign currency exchange rates, and weakened consumer confidence. A reduction in demand for our products may result in a decline in product sales, with a corresponding material adverse impact on our business, prospects, financial condition and results of operations. Given our premium brand positioning and pricing, an economic recession or downturn is likely to have a disproportionate adverse effect on us compared to our competitors in the EV and traditional automotive sectors, to the extent that consumer demand for luxury goods declines in favor of more cost-conscious alternatives. In addition, adverse economic conditions and uncertainties surrounding trade policies, tariffs and export controls could also cause supply chain and logistical challenges and operational risks. In particular, the U.S. federal government enacted the OBBBA, which eliminates, limits or phases out certain tax credits that had previously provided significant benefits to lessees and purchasers of EVs and adds new eligibility requirements on manufacturers to continue claiming tax credits on EV components. It also eliminates certain penalties for noncompliance with certain fuel efficiency standards and introduces certain key tax law modifications.

Taken together, adverse economic conditions and uncertainties surrounding trade policies, tariffs and export controls, coupled with supply chain challenges and the potential difficulty of passing costs to consumers or sharing the burden with suppliers, could reduce demand for our products and have a material adverse effect on our business, prospects, results of operations and financial condition. In addition, the deterioration of conditions in the financial markets, as well as geopolitical events, including in the Middle East, may limit our ability to obtain external financing to fund our operations and capital expenditures for business growth on terms favorable to us, if at all. See "Risk Factors" in Part II, Item 1A of this Quarterly Report for more information regarding risks associated with a global economic downturn or recession, changes or uncertainties in trade policies, or the imposition or proposed imposition of tariffs, including under the captions *"A global economic recession, downturn or other adverse economic conditions may have a material adverse impact on our business, prospects, results of operations and financial condition." and "Changes in U.S. trade policy, including the imposition of or uncertainties surrounding tariffs or revocation of normal trade relations and the resulting consequences, could adversely affect our business, prospects, results of operations and financial condition."*

**Key Factors Affecting Our Performance**

We believe that our future success and financial performance depend on a number of factors that present significant opportunities for our business, but also pose risks and challenges, including those discussed below and in the section entitled "Risk Factors" in Part II, Item 1A of this Quarterly Report.

***Design and Technology Leadership***

We believe that we are positioned to be a leader in the EV market by unlocking the potential for advanced, high-performance, and long-range EVs to co-exist. We designed the Lucid Air and the Lucid Gravity with race-proven battery and powertrain technologies, offering robust performance together with a sleek exterior design and expansive interior space due to our miniaturized key drivetrain components. The Lucid Gravity is a groundbreaking new class of SUV, conceived from the ground up. Enabled by our revolutionary technology, the Lucid Gravity provides the interior space and practicality of a full-size SUV within the exterior footprint of a mid-size SUV. As a result, it provides a sophisticated space for up to seven adults, game-changing versatility, and an unparalleled driving experience.

The Lucid Air and the Lucid Gravity are software-defined vehicles, designed to improve over time, with OTA software updates and key hardware already in place in the vehicle. This holistic systems approach to the integration of hardware and software is what allows us to provide these continuous OTA updates.

We designed the Lucid Gravity to share components with the Lucid Air where possible. These measures enable efficiency in design, engineering, and capital expenditure deployment for the Lucid Gravity. We anticipate continued consumer demand for our vehicles based on their luxurious design, high-performance technology, sustainability leadership, and the acceptance of EVs as substitutes for gasoline-fueled vehicles. We also anticipate that these attributes will drive customer demand for our future models, including our upcoming Midsize platform.

***Distribution Models***

We operate a direct-to-consumer sales and service model in North America and the Middle East, which we believe allows us to offer a personalized experience for our customers based on their purchase and ownership preferences. We expect to continue to incur significant expenses in our sales, service and marketing operations for sales of our current vehicles and any future vehicle programs, including the upcoming Midsize platform, that we may offer over the coming decade, including to open additional studios, expand our sales force, grow marketing and brand awareness, and establish a robust service center operation. As of September 30, 2026, we had 61 studios and service centers and one body shop (excluding temporary and satellite service centers): 39 in the U.S. (14 in California, four in New York, three in Florida, two in each of Arizona, Illinois, Massachusetts, New Jersey, Texas, Virginia and Washington, and one in each of Colorado, Georgia, Michigan and Pennsylvania), seven in Germany, five in each of Canada and Saudi Arabia, three in Switzerland, one in Norway, one in the Netherlands, and one in the United Arab Emirates. We also plan to hire additional sales, customer service, and service center personnel. We believe that investing in our direct-to-consumer sales and service model will be critical to delivering and servicing the Lucid EVs we currently manufacture and sell.

As we expand globally, our strategy includes establishing third-party distribution partnerships through proven business models such as importer, dealer, agent, and authorized repairer relationships. Introducing these channels is expected to enable growth in these markets while optimizing the capital required to build a comprehensive sales and service network. All third-party partnerships are expected to be governed by robust agreements, standards, and guidelines to ensure compliance and maintain the Lucid customer experience throughout the entire journey.

***Expanding and Improving Manufacturing Capacity and Processes***

Achieving commercialization and growth for each generation of our EVs requires us to make significant capital expenditures to scale our production capacity and improve our supply chain processes in the U.S. and internationally. We expect our capital expenditures to increase as we continue putting into operation AMP-2 and developing AMP-1. The amount and timing of our future manufacturing capacity requirements, and resulting capital expenditures, will depend on many factors, including the pace and results of our research and development efforts to meet technological development milestones, our ability to develop and launch new EVs, our ability to achieve sales and meet customer demand at anticipated levels, our ability to utilize planned capacity in our existing facilities and our ability to enter new markets.

***Technology Innovation***

We develop in-house battery, powertrain, and software technology, which requires significant capital investment in research and development. The EV market is highly competitive, including both established automotive manufacturers and new entrants. To establish market position and attract customers, we plan to continue making substantial investments in research and development for the commercialization and continued enhancements of our current vehicles where strategically warranted, the development of our Midsize platform, as well as future generations of our EVs and other products.

**Results of Operations**

***Revenue***

The following table presents our revenue for the periods presented (in thousands):

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change | 2026 | 2025 | $ Change | % Change |
| Revenue | $ 350,319 | $ 336,580 | $ 13,739 | 4 % | $ 1,038,131 | $ 831,060 | $ 207,071 | 25 % |

We recognize revenue from vehicle sales when the customer obtains control of the vehicle, which is upon delivery. We also generate revenue from non-warranty after-sale vehicle services and parts, sales of battery pack systems, powertrain kits, retail merchandise, regulatory credits, and sales of non-Lucid vehicles acquired as part of the trade-in program. We generate regulatory credits revenue from the sale of tradable credits we earn under various regulations. This includes credits related to ZEVs and GHG, and CAFE credits.

Revenue increased by $13.7 million, or 4%, for the three months ended September 30, 2026, as compared to the same period in the prior year. The increase was primarily driven by our ramp-up of the Lucid Gravity, which increased our average selling price, and an increase in pre-owned vehicle sales, partially offset by fewer Lucid vehicle deliveries and a decrease in regulatory credit sales.

Revenue increased by $207.1 million, or 25%, for the nine months ended September 30, 2026, as compared to the same period in the prior year. The increase was primarily driven by higher Lucid vehicle deliveries, an increase in pre-owned vehicle sales, and our ramp-up of the Lucid Gravity, which increased our average selling price. The increases in revenue were partially offset by a decrease in regulatory credit sales.

We believe the recent final rule scheduled to be effective November 30, 2026 to lower the U.S. federal fuel economy standards and eliminate CAFE EV credit trading will reduce our ability to generate future regulatory credit sales. Please see "*Risk Factors — Risks Related to Our Business and Operations — The unavailability, reduction or elimination of certain government and economic programs could have a material adverse effect on our business, prospects, financial condition and results of operations*".

***Cost of Revenue and Gross Profit (Loss)***

The following table presents our cost of revenue and gross profit (loss) for the periods presented (in thousands):

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change | 2026 | 2025 | $ Change | % Change |
| Cost of revenue | $ 608,624 | $ 670,197 | $ (61,573) | (9)% | $ 2,034,866 | $ 1,665,540 | $ 369,326 | 22 % |
| Gross profit (loss) | $ (258,305) | $ (333,617) | $ 75,312 | (23)% | $ (996,735) | $ (834,480) | $ (162,255) | 19 % |
| Gross margin | (73.7)% | (99.1)% | | | (96.0)% | (100.4)% | | |

Cost of revenue includes direct parts, materials, shipping and logistics costs related to materials purchases, allocable overhead costs such as depreciation of manufacturing related equipment and facilities, information technology costs, personnel costs, including wages and stock-based compensation, estimated warranty costs, charges to reduce inventories to their net realizable value, charges for any excess or obsolete inventories, losses from firm purchase commitments, costs associated with providing non-warranty after-sales services, costs for retail merchandise, depreciation of operating lease vehicles, and the purchase cost of pre-owned vehicles. Manufacturing credits earned are recorded as a reduction to cost of vehicle sales.

Cost of revenue decreased by $61.6 million, or 9%, for the three months ended September 30, 2026, as compared to the same period in the prior year. The decrease was primarily due to fewer deliveries of Lucid vehicles and lower inventory write-downs. The decreases were partially offset by higher unabsorbed fixed overhead resulting from lower production volumes and an increase in costs due to higher pre-owned vehicle sales.

Cost of revenue increased by $369.3 million, or 22%, for the nine months ended September 30, 2026, as compared to the same period in the prior year. The increase was primarily due to more deliveries of Lucid vehicles, higher inventory write-downs, and an increase in pre-owned vehicle sales. The increases were partially offset by reduction in losses on firm commitments and the International Emergency Economic Powers Act ("IEEPA") tariff refund recorded during the nine months ended September 30, 2026, following the U.S. Supreme Court's February 2026 ruling that certain tariffs imposed under the IEEPA were unlawful. In the near term, we expect our production volume of vehicles to continue to be less than our manufacturing capacity.

We recorded write-downs of $94.5 million and $632.0 million for the three and nine months ended September 30, 2026, respectively, and $192.1 million and $528.5 million for the same periods in the prior year, respectively, to reduce our inventories to their net realizable values, for any excess or obsolete inventories, and losses from firm purchase commitments. The decrease in write-downs for the three months ended September 30, 2026, as compared to the same period in the prior year was primarily associated with lower material purchases. The increase in the write-downs for the nine months ended September 30, 2026, as compared to the same period in the prior year was primarily due to change in product mix.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was enacted with clean energy incentives. The impact of the IRA on our results of operations was not material for the three and nine months ended September 30, 2026 and 2025. We will continue to evaluate the expected future impact of the IRA on our business and financial statements upon issuance of additional regulatory guidance.

Gross margin improved to (73.7)% for the three months ended September 30, 2026, as compared to (99.1)% for the same period in the prior year, primarily driven by lower inventory write-downs and a favorable product mix, partially offset by lower regulatory credits and higher unabsorbed fixed overhead resulting from lower production volumes.

Gross margin improved to (96.0)% for the nine months ended September 30, 2026, as compared to (100.4)% for the same period in the prior year, primarily driven by the IEEPA tariff refund and favorable product mix, partially offset by higher inventory write-downs and lower regulatory credits.

***Operating Expenses***

The following table presents our operating expenses for the periods presented (in thousands):

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change | 2026 | 2025 | $ Change | % Change |
| Research and development | $ 311,821 | $ 325,305 | $ (13,484) | (4)% | $ 968,827 | $ 850,390 | $ 118,437 | 14 % |
| Selling, general and administrative | 286,191 | 283,097 | 3,094 | 1 % | 890,799 | 752,129 | 138,670 | 18 % |
| Workforce reduction charges | 1,270 | — | 1,270 | *nm | 72,879 | — | 72,879 | *nm |
| Total operating expenses | $ 599,282 | $ 608,402 | $ (9,120) | (1)% | $ 1,932,505 | $ 1,602,519 | $ 329,986 | 21 % |

**nm* - not meaningful

*Research and Development*

Our research and development efforts have primarily focused on the development of our battery and powertrain technology, the Lucid Air, the Lucid Gravity, future generations of our EVs, including our Midsize platform, and our robotaxi program. Research and development expenses primarily consist of materials, supplies, personnel-related expenses for employees involved in the engineering, designing, and testing of EVs, and contractor fees. Personnel-related expenses primarily include salaries, benefits and stock-based compensation. In addition, research and development expenses include prototype material, engineering, design and testing services, and allocated facilities costs, such as office and rent expense and depreciation expense.

Research and development expense decreased by $13.5 million, or 4%, for the three months ended September 30, 2026, as compared to the same period in the prior year. The decrease was primarily attributable to $46.8 million in lower stock-based compensation expenses and a decrease of $6.2 million in utilization of contractors and professional fees, partially offset by $39.2 million in higher engineering, design and testing services, and prototype materials related mostly to the Midsize platform.

Research and development expense increased by $118.4 million, or 14%, for the nine months ended September 30, 2026, as compared to the same period in the prior year. The increase was primarily attributable to increases of $123.2 million in engineering, design and testing services, and prototype materials related mostly to the Midsize platform and $31.9 million in payroll related expenses related mostly to the Midsize platform, partially offset by $52.5 million in lower stock-based compensation expenses.

*Selling, General, and Administrative*

Selling, general, and administrative expenses primarily consist of personnel-related expenses for employees involved in general corporate, selling and marketing functions, including executive management and administration, legal, human resources, facilities and real estate, accounting, finance, tax, and information technology. Personnel-related expenses primarily include salaries, benefits and stock-based compensation. Selling, general, and administrative expenses also include allocated facilities costs, such as office, rent and depreciation expenses, professional services fees, sales and marketing expenses and other general corporate expenses. As we continue to grow as a company, build out our sales force, and commercialize the Lucid Air and Lucid Gravity, and future generations of our EVs, including our Midsize platform, we expect an increase to our selling, general and administrative costs.

Selling, general, and administrative expense increased by $3.1 million, or 1%, for the three months ended September 30, 2026, as compared to the same period in the prior year. The increase was primarily attributable to increases of $24.9 million in payroll related expenses due to our continued commercialization and growth strategy, $13.5 million in utilization of contractors and professional fees and $2.2 million in facilities and rental related costs, partially offset by $31.4 million in lower stock-based compensation expenses and a decrease of $6.6 million in sales and marketing expenses.

Selling, general, and administrative expense increased by $138.7 million, or 18%, for the nine months ended September 30, 2026, as compared to the same period in the prior year. The increase was primarily attributable to increases of $49.2 million in payroll related expenses due to our continued commercialization and growth strategy, $30.7 million in utilization of contractors and professional fees, $24.7 million in sales and marketing expenses and $21.6 million in facilities and rental related costs.

*Workforce Reduction Charges*

On June 22, 2026, we announced the June 2026 Plan that was designed to advance our path toward profitability and positive cash flow generation by streamlining our organizational structure, optimizing operating expenses, and aligning production plans with anticipated demand. We substantially completed the June 2026 Plan in the third quarter of 2026.

On February 20, 2026, we announced the February 2026 Plan that intended to align with our long-term operating goals as we focus on the start of production of our Midsize platform, strategic partnerships related to the robotaxis programs, development of ADAS technologies, as well as the sale and distribution of our current models in existing and new geographies. We completed the February 2026 Plan in the third quarter of 2026.

During the three and nine months ended September 30, 2026, we recorded workforce reduction charges of $1.3 million and $72.9 million, respectively, in the condensed consolidated statements of operations and comprehensive loss. The workforce reduction charges were primarily related to the June 2026 Plan for the three months ended September 30, 2026, and were comprised of $38.2 million and $34.7 million related to the February 2026 Plan and June 2026 Plan, respectively, for the nine months ended September 30, 2026. The workforce reduction charges were primarily related to severance payments, employee benefits, employee transition, and acceleration of stock-based compensation expense. See Note 3 “Workforce Reduction” to our condensed consolidated financial statements included elsewhere in this Quarterly Report for more information.

***Other Income (Expense), net***

The following table presents our other income (expense), net for the periods presented (in thousands):

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change | 2026 | 2025 | $ Change | % Change |
| Other income (expense), net: | | | | | | | | |
| Change in fair value of common stock warrant liability | $ — | $ 444 | $ (444) | (100)% | $ — | $ 18,627 | $ (18,627) | (100)% |
| Change in fair value of equity securities of a related party | (1,226) | 916 | (2,142) | *nm | (10,898) | (8,589) | (2,309) | 27 % |
| Change in fair value of derivative liabilities and subscription agreements associated with redeemable convertible preferred stock (related party) | 115,176 | (36,375) | 151,551 | *nm | 225,341 | 356,800 | (131,459) | (37)% |
| Gain on extinguishment of debt | — | — | — | *nm | — | 116,360 | (116,360) | (100)% |
| Interest income | 11,420 | 34,643 | (23,223) | (67)% | 34,158 | 131,170 | (97,012) | (74)% |
| Interest expense | (69,871) | (25,571) | (44,300) | 173 % | (158,761) | (61,203) | (97,558) | 159 % |
| Other expense, net | (29,063) | (10,829) | (18,234) | 168 % | (53,719) | (4,292) | (49,427) | *nm |
| Total other income (expense), net | $ 26,436 | $ (36,772) | $ 63,208 | *nm | $ 36,121 | $ 548,873 | $ (512,752) | (93)% |

**nm* - not meaningful

*Change in Fair Value of Common Stock Warrant Liability*

Our common stock warrant liability relates to the private placement warrants to purchase shares of our common stock that were effectively issued upon the closing in connection with the Merger. Our common stock warrant liability is subject to remeasurement to fair value at each reporting period.

The private placement warrants remained unexercised as of December 31, 2025. The liability was remeasured to a fair value of nil as of December 31, 2025, and the private placement warrants subsequently expired in July 2026. The changes in fair value were nil during the three and nine months ended September 30, 2026, and resulted in unrealized gains of $0.4 million and $18.6 million for the same periods in the prior year, respectively. The change in fair value was classified within change in fair value of common stock warrant liability in the condensed consolidated statements of operations and comprehensive loss.

*Change in Fair Value of Equity Securities of a Related Party*

On November 6, 2023, in connection with the commencement of the Strategic Technology Arrangement with Aston Martin, we received 28,352,273 ordinary shares of Aston Martin. The ordinary shares of Aston Martin are subject to remeasurement to fair value at each reporting period. Such shares were remeasured to fair values of $13.0 million and $24.3 million as of September 30, 2026 and December 31, 2025, respectively. The changes in fair value resulted in unrealized losses of $1.2 million and $10.9 million for the three and nine months ended September 30, 2026, respectively, and an unrealized gain of $0.9 million and an unrealized loss of $8.6 million for the same periods in the prior year, respectively, and were classified within change in fair value of equity securities of a related party in the condensed consolidated statements of operations and comprehensive loss. See Note 5 “Fair Value Measurements and Financial Instruments” and Note 15 “Related Party Transactions” to our condensed consolidated financial statements included elsewhere in this Quarterly Report for more information.

*Change in Fair Value of Derivative Liabilities and Subscription Agreements Associated with Redeemable Convertible Preferred Stock (Related Party)*

In March 2024, we sold 100,000 shares of our Series A Redeemable Convertible Preferred Stock to Ayar for an aggregate purchase price of $1.0 billion in a private placement. In August 2024, we sold 75,000 shares of our Series B Redeemable Convertible Preferred Stock to Ayar for an aggregate purchase price of $750.0 million in a private placement.

On April 14, 2026, we entered into the Series C Subscription Agreement with Ayar. Pursuant to the Series C Subscription Agreement, Ayar agreed to purchase from us 55,000 shares of our Series C Redeemable Convertible Preferred Stock, for an aggregate purchase price of $550.0 million in a private placement. Subsequently, on April 28, 2026, we issued the shares to Ayar pursuant to the Series C Subscription Agreement and received aggregate net proceeds of $548.9 million after deducting issuance costs of $1.1 million. We determined that the Subscription Agreement was required to be accounted for at fair value between the execution date and the settlement date as it represented a contract to sell redeemable stock. As a result, we recognized a gain of $142.2 million reflecting the change in fair value of the contract as measured upon settlement based on the difference between the fair value of the Series C Redeemable Convertible Preferred Stock at issuance versus the fair value at contract inception, such that the Series C Redeemable Convertible Preferred Stock is initially recognized at fair value of $292.4 million on the issuance date.

We concluded that the conversion features, inclusive of all settlement outcomes where the pay-off is indexed to the if-converted value, meet all the requirements to be separately accounted for as a bifurcated derivative. As a result, we bifurcated the Redeemable Convertible Preferred Stock between (i) the host contracts which are accounted for within mezzanine equity, and (ii) the bifurcated derivative liabilities related to the conversion features. The bifurcated derivatives are remeasured to fair value at each reporting period with changes in fair value recorded in the condensed consolidated statement of operations and comprehensive loss.

The derivative liabilities of the Redeemable Convertible Preferred Stock were remeasured to a fair value of $48.5 million and $16.2 million as of September 30, 2026 and December 31, 2025, respectively. We recognized gains of $115.2 million and $225.3 million for the three and nine months ended September 30, 2026, respectively, and a loss of $36.4 million and a gain of $356.8 million for the same periods in the prior year, respectively, primarily driven by changes in our stock price. The gain for the nine months ended September 30, 2026 includes $142.2 million of gain from Series C Subscription Agreement. The change in fair value is recorded within change in fair value of derivative liabilities and subscription agreements associated with redeemable convertible preferred stock (related party) in the condensed consolidated statements of operations and comprehensive loss. See Note 7 “Redeemable Convertible Preferred Stock” to our condensed consolidated financial statements included elsewhere in this Quarterly Report for more information.

*Gain on Extinguishment of Debt*

In April 2025, we repurchased $1,052.5 million aggregate principal amount of the 2026 Notes, using $931.4 million of the net proceeds of the 2030 Notes. The repurchases of the 2026 Notes were accounted for as a debt extinguishment. The difference between the consideration paid to repurchase a portion of the 2026 Notes and the then carrying value of the 2026 Notes resulted in a gain of $116.4 million, and was recorded within gain on extinguishment of debt in the condensed consolidated statement of operations and comprehensive loss during the nine months ended September 30, 2025.

*Interest Income*

Interest income decreased by $23.2 million, or 67%, for the three months ended September 30, 2026, as compared to the same period in the prior year, primarily due to lower average cash and investment balances and lower interest rates on investments.

Interest income decreased by $97.0 million, or 74%, for the nine months ended September 30, 2026, as compared to the same period in the prior year, primarily due to lower average cash and investment balances.

*Interest Expense*

Interest expense primarily consists of contractual interest and amortization of debt discounts and debt issuance costs incurred related to the 2026 Notes, the 2030 Notes, and the 2031 Notes, commitment fees and amortization of deferred issuance costs from the ABL Credit Facility and the DDTL Credit Facility, interest on borrowings from the DDTL Credit Facility, GIB credit facility and on our finance leases, and capitalized interest on construction in progress related to significant capital asset construction.

Interest expense increased by $44.3 million, or 173%, and $97.6 million, or 159%, for the three and nine months ended September 30, 2026, respectively, as compared to the same periods in the prior year. The increases were primarily due to higher interest expense of $17.1 million and $66.0 million from the issuances of the 2030 Notes and the 2031 Notes in April 2025 and November 2025, respectively, and higher interest expense of $37.4 million and $59.0 million from the GIB credit facility and DDTL Credit Facility resulting from higher average borrowings, partially offset by increases of $9.4 million and $25.3 million in interest capitalized on construction in progress related to significant capital asset construction during the three and nine months ended September 30, 2026, respectively, as compared to the same periods in the prior year.

*Other Expense, net*

Other expense, net primarily consists of foreign currency gains and losses, changes in residual value guarantee reserve, realized gains or losses on the sale of available-for-sale securities and from expiration of the Lease Agreement. Our foreign currency exchange gains and losses relate to transactions and monetary asset and liability balances denominated in currencies other than the U.S. dollar. We expect our foreign currency gains and losses to continue to fluctuate in the future due to changes in foreign currency exchange rates.

Other expense, net increased by $18.2 million and $49.4 million for the three and nine months ended September 30, 2026, as compared to the same periods in the prior year, primarily due to changes in residual value guarantee reserve, foreign exchange rates, and loss from expiration of the Lease Agreement. The increase for the nine months ended September 30, 2026 was partially offset by realized gain on the sale of available-for-sale securities.

***Provision for (Benefit from) Income Taxes***

The following table presents our provision for (benefit from) income taxes for the periods presented (in thousands):

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change | 2026 | 2025 | $ Change | % Change |
| Provision for (benefit from) income taxes | $ (292) | $ (363) | $ 71 | (20)% | $ 935 | $ (4,095) | $ 5,030 | **nm* |

**nm* - not meaningful

Our provision for (benefit from) income taxes consists primarily of U.S., state and foreign income taxes in jurisdictions in which we operate. We maintain a valuation allowance against the full value of our U.S. and state net deferred tax assets because we believe it is more likely than not that the recoverability of these deferred tax assets will not be realized.

On July 4, 2025, the OBBBA was signed into law. We elected to fully amortize our previously capitalized domestic research and development expenses. Due to the full valuation allowance on our U.S. deferred tax assets, the net tax impact of the legislation is immaterial.

**Liquidity and Capital Resources**

***Sources and Uses of Liquidity***

From inception through September 30, 2026, we incurred operating losses and negative cash flows from operating activities. We had an accumulated deficit of $18.5 billion as of September 30, 2026. We funded operations primarily with issuances of common stock, convertible preferred stock, convertible notes, and loans.

Our existing sources of liquidity include cash, cash equivalents, investments, and unused available credit amounts from credit facilities. As of September 30, 2026, we had $948.5 million of cash, cash equivalents, and investments. We also had $778.8 million, $263.4 million, and $2.3 million of unused available credit amounts from the DDTL Credit Facility, the ABL Credit Facility, and the 2025 GIB Credit Facility, respectively, as of September 30, 2026. See Note 6 “Debt”, Note 7 “Redeemable Convertible Preferred Stock” and Note 8 “Stockholders’ Equity (Deficit) to the condensed consolidated financial statements included elsewhere in this Quarterly Report for more information.

We expect that our current sources of liquidity will provide us with adequate liquidity for at least the next 12 months to fund (i) ongoing operations, (ii) research and development projects for new products/ technologies, (iii) continued development of AMP-1 in Casa Grande, Arizona and AMP-2 in Saudi Arabia, (iv) vendor tooling, (v) expansion of retail studios and service centers, and (vi) other initiatives related to the sale of vehicles or technology.

Over the longer term, we expect that we will require additional capital to support our operations, planned capital expenditures and strategic initiatives. We expect to seek additional financing through one or more sources, which may include equity or debt financings, credit facilities or other funding arrangements. The timing and amount of additional financing will depend on a number of factors, including our operating performance, capital expenditure requirements and market conditions. We continue to pursue initiatives intended to improve cash flow and capital efficiency, including actions related to inventory, capital expenditures and operating expenses. These initiatives include aligning production with anticipated demand and actions intended to reduce operating costs.

We anticipate our cumulative spending on capital expenditures to be approximately $1.1 billion for the fiscal year 2026 to support our continued commercialization and growth objectives as we strategically invest in manufacturing capacity and capabilities, our retail studios and service center capabilities throughout North America and across the globe, development of different products and technologies, and other areas supporting the growth of Lucid’s business. We expect to continue to receive financing and support for certain capital expenditures in connection with AMP-2 construction and purchases of machinery, tooling, and equipment. Refer to Note 6 “Debt”, Note 15 “Related Party Transactions” and Note 17 “Subsequent Events” to the condensed consolidated financial statements included elsewhere in this Quarterly Report for more information. Our future capital expenditures may vary and will depend on many factors including the timing and extent of spending and other growth initiatives. In addition, we expect our operating expenses to increase in order to grow and support the operations of a global technology automotive company targeting volumes in line with Lucid’s long-term objectives.

As of September 30, 2026, our total minimum lease payments are $629.5 million, of which $26.7 million is due in fiscal year 2026. We also have non-cancellable long-term commitments of approximately $2.59 billion, primarily relating to certain inventory component purchases. For details regarding these obligations, refer to Note 10 “Leases” and Note 11 “Commitments and Contingencies” to the condensed consolidated financial statements included elsewhere in this Quarterly Report for more information.

*International Manufacturing Expansion*

On February 27, 2022, we announced the selection of KAEC in Saudi Arabia as the location of our first international manufacturing plant and signed related agreements with the MISA, the SIDF, and the Economic City at KAEC. We started the AMP-2 operations with re-assembly of the Lucid Air vehicle “kits” pre-manufactured in the U.S. and we expect to commence production of complete vehicles in 2027.

We have generated significant losses from our operations as reflected in our accumulated deficit of $18.5 billion and $15.6 billion as of September 30, 2026 and December 31, 2025, respectively. Additionally, we have generated significant negative cash flows from operations as we continue to support the growth of our business.

The expenditures associated with the development and commercial launch of our vehicles, the anticipated increase in manufacturing capacity, and the international expansion of our business operations are subject to significant risks and uncertainties, many of which are beyond our control, and therefore, may affect the timing and magnitude of these anticipated expenditures. These risks and uncertainties are described in more detail in the section entitled “Risk Factors” in Part II, Item 1A of this Quarterly Report.

**Cash Flows**

The following table summarizes our cash flows for the periods presented (in thousands):

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2026** | **2025** |
| Cash used in operating activities | $ (3,160,533) | $ (2,015,504) |
| Cash provided by investing activities | 329,717 | 1,563,142 |
| Cash provided by financing activities | 2,778,871 | 517,728 |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | $ (51,945) | $ 65,366 |

***Cash Used in Operating Activities***

Our cash flows used in operating activities to date have been primarily comprised of cash outlays to support overall growth of the business, especially the costs related to inventory and sale of our vehicles, costs related to research and development, payroll and other general and administrative activities. As we continue to ramp up after starting commercial operations, we expect our cash used in operating activities to increase before it starts to generate any material cash flows from our business.

Net cash used in operating activities increased by $1,145.0 million to $3,160.5 million during the nine months ended September 30, 2026, as compared to the same period in the prior year. The increase was primarily due to increases in net loss excluding non-cash expenses and gains of $606.2 million and increase in net operating assets and liabilities of $538.8 million during the nine months ended September 30, 2026, as compared to the same period in the prior year. The increase in net operating assets and liabilities was primarily attributable to higher payment of inventory purchases driven by the Lucid Gravity production ramp-up.

***Cash Provided by Investing Activities***

Our cash flows provided by investing activities primarily relate to proceeds from sales and maturities of investments, net of purchases of investments and capital expenditures to support our growth.

Net cash provided by investing activities decreased by $1,233.4 million to $329.7 million during the nine months ended September 30, 2026, as compared to the same period in the prior year. The decrease was primarily attributable to lower volume of investment sales and maturities net of investment purchases during the nine months ended September 30, 2026, as compared to the same period in the prior year.

***Cash Provided by Financing Activities***

We have financed our operations primarily from the issuances of equity and equity-linked securities and debt financings, the private placements to Ayar and SMB, convertible preferred stock, the proceeds of the Merger, the 2026 Notes, the 2030 Notes, and the 2031 Notes.

Net cash provided by financing activities increased by $2,261.1 million to $2,778.9 million during the nine months ended September 30, 2026, as compared to the same period in the prior year. We received $1,700.0 million from borrowings from the DDTL Credit Facility, net proceeds of $548.9 million from the issuance of Series C Redeemable Convertible Preferred Stock, $291.5 million from issuance of common stock under the 2026 Underwriting Agreement and $199.8 million from issuance of common stock under the 2026 Subscription Agreement during the nine months ended September 30, 2026. We received gross proceeds of $1.1 billion from the issuance of the 2030 Notes, repurchased a portion of the 2026 Notes using $931.4 million, and received gross proceeds of $300.0 million from the 2025 Subscription Agreement during the nine months ended September 30, 2025.

**Recently Issued Accounting Pronouncements Not Yet Adopted**

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires disclosure of specified information about certain costs and expenses (such as purchases of inventory, employee compensation, depreciation, and amortization) within the relevant expense captions presented on the face of the statements of operations and comprehensive loss. The guidance is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted, and should be applied either prospectively or retrospectively. We are evaluating the impact of this amendment to the related financial statement disclosures.

In September 2025, the FASB issued ASU 2025-06, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The ASU removed references to prescriptive and sequential software development stages. The ASU requires us to start capitalizing eligible software costs when management has authorized and committed to funding the software project, and it is probable that the project will be completed and the software will be used to perform the function intended. The ASU does not change the types of costs eligible for capitalization. The guidance is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted and may be applied using a prospective, retrospective or modified transition approach. We are evaluating the impact of this amendment to the financial statements.

In December 2025, the FASB issued ASU 2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities. The ASU requires us to recognize a government grant when it is probable that we will comply with the conditions attached to the grant and the grant will be received, and we meet the recognition guidance for a grant related to an asset or a grant related to income. The ASU requires a grant related to an asset to be recognized as we incur the related costs for which the grant is intended to compensate, either as deferred income or as an adjustment to the cost basis in determining the carrying amount of the asset. The ASU also requires a grant related to income and a grant related to an asset for which the deferred income approach is elected to be recognized in earnings on a systematic and rational basis. When we elect the cost accumulation approach for a grant related to an asset, there is no separate subsequent recognition of the government grant proceeds in earnings. We are required to continue providing disclosures on the nature of the government grant received, the accounting policies used to account for the grant, and significant terms and conditions of the grant. The guidance is effective for annual reporting periods beginning after December 15, 2028, and interim reporting periods within those annual reporting periods. Early adoption is permitted, and may be applied using a modified prospective, modified retrospective or retrospective approach. We are evaluating the impact of this amendment to the financial statements.

In December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements. The ASU provides clarity on the current interim reporting disclosures and introduces a disclosure principle which requires us to disclose events since the end of the last annual reporting period that have a material impact on us. The guidance is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted and may be applied using a prospective or retrospective approach. We are evaluating the impact of this amendment to the financial statements.

In December 2025, the FASB issued ASU 2025-12, Codification Improvements. The ASU represents changes to the Codification that clarify, correct errors, or make minor improvements. The guidance is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted and we may elect the transition method on an issue-by-issue basis. We are evaluating the impact of this amendment to the financial statements.

In April 2026, the FASB issued ASU 2026-01, Equity (Topic 505): Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock, which requires that paid-in-kind (“PIK”) dividends on equity-classified preferred stock, including preferred stock that is classified as temporary equity, be initially measured on the basis of the PIK dividend rate stated in the preferred stock agreement. The guidance is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted and may be applied using a prospective or modified retrospective approach. We are evaluating the impact of this amendment to the financial statements.

In May 2026, the FASB issued ASU 2026-02, Environmental Credits and Environmental Credit Obligations (Topic 818), which establishes recognition, measurement, presentation and disclosure requirements for environmental credits and environmental credit obligations. The guidance is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted, and should be applied retrospectively. We are evaluating the impact of this amendment to the related financial statement disclosures.

We have considered all other recently issued accounting pronouncements and do not believe the adoption of such pronouncements will have a material impact on our financial statements or notes thereto.

**Critical Accounting Estimates**

The condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report are prepared in accordance with U.S. GAAP. The preparation of our condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts and related disclosures in our financial statements and accompanying notes. We base our estimates on historical experience and on various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions due to the inherent uncertainty involved in making those estimates and any such differences may be material.

We believe that the following accounting policies involve a high degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our condensed consolidated financial condition and results of our operations.

***Revenue Recognition***

We follow a five-step process in which we identify the contract, identify the related performance obligations, determine the transaction price, allocate the transaction price to the identified performance obligations, and recognize revenue when (or as) the performance obligations are satisfied.

***Vehicle Sales***

Vehicle sales revenue is generated from the sale of EVs to customers. The performance obligations identified in vehicle sale arrangements include delivery of the vehicle equipped with an onboard ADAS, the provision of maintenance services, the remarketing activities, and the right to unspecified OTA software updates as they become available over the term of the basic vehicle warranty, which is generally four years. Shipping and handling provided by us is considered a fulfillment activity.

Payment is typically received at the time of delivery or shortly after delivery of the vehicle to the customer, except for vehicle sales under the EV Purchase Agreement. Generally, control transfers to the customer at the time of delivery when the customer takes physical possession of the vehicle, which may be at a Lucid studio or other destination chosen by the customer. Our vehicle contracts do not contain a significant financing component. We have elected to exclude sales taxes from the measurement of the transaction price. We estimate the standalone selling price of all performance obligations by considering costs used to develop and deliver the good or service, third-party pricing of similar goods or services and other information that may be available. The transaction price is allocated among the performance obligations in proportion to the standalone selling price of our performance obligations.

We recognize revenue related to the vehicle when the customer obtains control of the vehicle which occurs at a point in time either upon completion of delivery to the agreed-upon delivery location or upon pick up of the vehicle by the customer. As the unspecified OTA software updates are provided when-and-if they become available, revenue related to OTA software updates is recognized ratably over the basic vehicle warranty term, commencing when control of the vehicle is transferred to the customer. Remarketing revenue is recognized at a point in time upon completion or expiration of the remarketing service obligation. Revenue for maintenance services is recognized ratably over the term of the contract, which is generally two years. Payments received before the customer obtains control of the vehicle are recorded within other current liabilities in the condensed consolidated balance sheets.

At the time of revenue recognition, we reduce the transaction price and record a sales return reserve against revenue for estimated variable consideration related to future returns. Such return rate estimates are based on historical experience.

We provide a manufacturer's warranty on all vehicles sold. The warranty covers the rectification of reported defects via repair, replacement, or adjustment of faulty parts or components. The warranty does not cover any item where failure is due to normal wear and tear. This assurance-type warranty does not create a performance obligation separate from the vehicle. The estimated cost of the assurance-type warranty is accrued at the time of vehicle sale.

We provide a residual value guarantee to our commercial banking partners in connection with their vehicle leasing programs. Under the vehicle leasing program, we do not bear casualty and credit risks during the lease term, and are contractually obligated (or entitled) to share a portion of the shortfall (or excess) between the resale value realized by the commercial banking partners and a predetermined resale value. At the lease inception, we are required to deposit cash collateral equal to a contractual percentage of the residual value of the leased vehicles with the commercial banking partners. The cash collateral is held in a restricted bank account owned by the commercial banking partner until it is used, as applicable, in settlement of the RVG at the end of the lease term. Cash collateral is recorded in other noncurrent assets, subject to an asset impairment review at each reporting period.

We account for the vehicle leasing program in accordance with ASC 842, *Leases,* ASC 460, *Guarantees* and ASC 606, *Revenue from Contracts with Customers*. We are the lessor at inception of a lease and immediately transfer the lease as well as the underlying vehicle to our commercial banking partners, with the transaction being accounted for as a sale under ASC 606. We recognize revenue when control transfers upon delivery when the consumer-lessee takes physical possession of the vehicle, and bifurcate the RVG at fair value and account for it as a reduction to revenue and a guarantee liability. The remaining amount of the transaction price is allocated among the performance obligations. Any fees or incentives that are paid or payable by us to commercial banking partners are recognized as a reduction to vehicle sales revenue.

The guarantee liability represents the estimated amount we expect to pay at the end of the lease term. We are released from residual risk upon either expiration or settlement of the RVG. We evaluate variables such as third-party residual value publications, risk of future price deterioration due to changes in market conditions and reconditioning costs to determine the estimated residual value guarantee liability. RVG liability is assessed subsequently for any changes on a quarterly basis. As we accumulate more data related to the resale value of our vehicles or as market conditions change, there could be material changes to the estimated guarantee liabilities. The maximum potential amount of future payments (in excess of RVG liabilities recorded) that we could be required to make was $765.1 million and $705.9 million as of September 30, 2026 and December 31, 2025, respectively.

*Vehicle Operating Lease Revenue*

We account for sales of vehicles with repurchase obligations as operating leases. We sell vehicles primarily to rental companies with an obligation to repurchase the vehicles at an agreed-upon repurchase price. We record the difference between the proceeds received and the agreed-upon repurchase price as vehicle leasing revenue on a straight-line basis over the term of the lease. Deferred leasing revenue and repurchase obligation were recorded in other current liabilities and other long-term liabilities in the condensed consolidated balance sheets.

*Sale and Leaseback Transactions*

We enter into sale and leaseback transactions in which we transfer control of vehicles to rental companies and simultaneously lease them back as operating leases. We recognize revenue related to the vehicles under the arrangement when the rental companies obtain control of the vehicles and separately recognize the leaseback obligations based on the present value of the future payments to the rental companies within other current liabilities and other long-term liabilities. We also record right-of-use assets which are amortized over the term of the leaseback. Operating lease expense is recognized on a straight-line basis over the term of the leaseback.

***Inventory Valuation***

Inventories are stated at the lower of cost or net realizable value. Cost is computed using standard cost for vehicles, which approximates actual cost on a first-in, first-out basis. We record inventory write-downs for excess or obsolete inventories based upon assumptions about current and future demand forecasts. If inventory on-hand is in excess of future demand forecast and market conditions, the excess amounts are written-off.

Inventory is also reviewed to determine whether its carrying value exceeds the net amount realizable upon the ultimate sale of the inventory. This requires an assessment to determine the selling price of the vehicles less the estimated cost to convert the inventory on-hand into a finished product. Once inventory is written down, a new lower cost basis for that inventory is established and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

In the event there are changes in our estimates of future selling prices or production costs, we might be required to record additional and potentially material write-downs. A small change in our estimates may result in a material change in our reported financial results.

We periodically review and record write-downs for excess or obsolete inventories based upon assumptions about current and future demand forecasts, considering shelf-life and technological obsolescence of certain inventories. Our current and future demand forecasts are based on our historical sales, market share performance, macroeconomic factors and trends in quantities or prices of orders for our products. We evaluate whether raw materials are approaching the end of their shelf-lives or becoming technologically obsolete, and the likelihood that we will be able to use the raw materials in production. If our inventory on-hand is in excess of future demand forecast and market conditions, the excess amounts are provisioned or written-down.

***Redeemable Convertible Preferred Stock***

Accounting for the redeemable convertible preferred stock requires an evaluation to determine if liability classification is required under ASC 480-10. Liability classification is required for freestanding financial instruments that are (1) subject to an unconditional obligation requiring the issuer to redeem the instrument by transferring assets, such as those that are mandatorily redeemable, (2) instruments other than equity shares that embody an obligation of the issuer to repurchase its equity shares, or (3) certain types of instruments that obligate the issuer to issue a variable number of equity shares.

Securities that do not meet the scoping criteria to be classified as a liability under ASC 480 are subject to redeemable equity guidance, which prescribes securities that may be subject to redemption upon an event not solely within the control of the issuer to be classified as temporary equity. Securities classified in temporary equity are initially measured at fair value. Subsequent measurement of the carrying value of the redeemable convertible preferred stock is required as the instrument is probable of becoming redeemable. We accrete the redeemable convertible preferred stock to its redemption value. In certain circumstances, the redemption price may vary based on changes in stock price, in which case we will recognize changes in the redemption value immediately as they occur and adjust the carrying value of the security to equal the then current maximum redemption value at the end of each reporting period.

***Derivative Liabilities***

In connection with the issuance of the redeemable convertible preferred stock, we evaluated the instruments for any features that must be bifurcated and separately accounted for as embedded derivatives. We concluded that the conversion features, inclusive of all settlement outcomes where the pay-off is indexed to the if-converted value, meet all the requirements to be separately accounted for as a bifurcated derivative. As a result, we bifurcated the redeemable convertible preferred stock between (i) the host contracts which are accounted for within mezzanine equity, and (ii) the bifurcated derivative liabilities. The proceeds from issuance are first allocated to the fair value of the bifurcated derivatives with the residual being allocated to the host contracts. The bifurcated derivatives are remeasured to fair value each reporting period with changes in fair value recorded in earnings. We estimated the fair value of the derivative liabilities using a binomial lattice model. Inherent in a binomial lattice model are unobservable inputs and assumptions. The inputs for the valuation of the derivative liabilities included the volatility, credit spread, and term. Assumptions used in the valuation also consider the contractual terms as well as the quoted price of our common stock in an active market. Significant changes in any of those inputs in isolation would result in significant changes to the fair value measurement. We remeasure the derivative liabilities at each reporting period and recognize the changes in fair value in the condensed consolidated statement of operations and comprehensive loss.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates, equity price and inflationary pressure.

***Interest Rate Risk***

We are exposed to market risk for changes in interest rates applicable to our cash and cash equivalents, and investments. We had cash, cash equivalents, and investments totaling approximately $948.5 million as of September 30, 2026. Our investment policy is focused on the preservation of capital and supporting our liquidity needs. Under the policy, we invest in highly rated securities, primarily issued by the U.S. government or liquid money market funds. We do not invest in financial instruments for trading or speculative purposes. We utilize external investment managers who adhere to the guidelines of our investment policy. A hypothetical 100 basis point increase in interest rates would not be material to the fair market value of our portfolio as of September 30, 2026.

Our exposure to changes in interest rates is also related to borrowings under our DDTL Credit Facility and 2025 GIB Credit Facility, both of which bear interest at variable rates. As of September 30, 2026, we had an outstanding principal balance of $1,690.9 million under the DDTL Credit Facility. In addition, we had outstanding borrowings of SAR 1,890.0 million (approximately $503.4 million) under the 2025 GIB Credit Facility as of September 30, 2026. A hypothetical 100 basis point increase in interest rates would result in an increase in annual interest expense of approximately $22.0 million.

***Equity Price Risk***

We hold equity securities of Aston Martin. The fair value of these equity securities was $13.0 million as of September 30, 2026. Changes in fair value of these equity securities are impacted by the volatility of the stock market and changes in general economic conditions, among other factors. A hypothetical 10% decrease in the stock price of these equity securities would not be material as of September 30, 2026.

***Supply Risk***

We are dependent on our suppliers, the majority of which are single-source suppliers. The inability or unwillingness of these suppliers to deliver necessary components of our products according to the schedule and at prices, quality levels and volumes acceptable to us, whether due to changes or uncertainties in trade policies, the imposition or proposed imposition of tariffs, threat of a trade war or otherwise, or its inability to efficiently manage these components, or the unavailability of stable domestic suppliers, could have a material adverse effect on our results of operations and financial condition.

**Item 4. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q.

Based on their evaluation, our principal executive officer and principal financial officer concluded that as of September 30, 2026, our disclosure controls and procedures are designed to, and are effective to, provide reasonable assurance that the information we are required to disclose in reports we file or submit under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended September 30, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Limitations on Effectiveness of Controls and Procedures**

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

For a description of our legal proceedings, please see the description set forth in the "Legal Matters" section in Note 11 "Commitments and Contingencies" in the notes to the condensed consolidated financial statements in Item 1 of Part I of this Quarterly Report, which is incorporated herein by reference.

### Item 1A. Risk Factors.

*A description of the risks and uncertainties associated with our business is set forth below. Investors should carefully consider the risks and uncertainties described below, the other information in this Quarterly Report, including our condensed consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the risks and uncertainties described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 24, 2026. The occurrence of any of the events or developments described below and in our other filings with the SEC, or of additional risks and uncertainties not presently known to us or that we currently deem immaterial, could materially and adversely affect our business, results of operations, financial condition and growth prospects. In such an event, the market price of our common stock could decline, and our stockholders could lose all or part of their investment.*

#### Risk Factor Summary

*Our business is subject to numerous risks and uncertainties, including those highlighted in this section titled Item 1A. "Risk Factors," that represent challenges that we face in connection with the successful implementation of our strategy and growth of our business. The occurrence of one or more of the events or circumstances described in this section titled Item 1A. "Risk Factors," alone or in combination with other events or circumstances, may have an adverse effect on our business, cash flows, financial condition and results of operations. Such risks include, but are not limited to:*

- Our limited operating history makes evaluating our business and future prospects difficult and may increase the risk of stockholders' investment.
- We have incurred net losses each year since our inception and expect to incur increasing expenses and substantial losses for the foreseeable future.
- We may be unable to adequately control the substantial costs associated with our operations.
- Failure to attract or retain customers through the purchase process may have a material adverse impact on our business, prospects, results of operations and financial condition.
- A global economic recession, downturn or other adverse economic conditions may have a material adverse impact on our business, prospects, results of operations and financial condition.
- We currently depend primarily on revenue generated from a limited number of models and anticipate continuing to be significantly dependent on a limited number of models in the foreseeable future.
- Our business and prospects depend significantly on our brand.
- Our distribution model primarily relies on a direct-to-consumer strategy domestically, and we are pursuing alternative distribution models internationally where we have less experience.
- We face challenges providing charging solutions for our vehicles, both domestically and internationally.
- If we fail to manage our growth effectively, we may not be able to develop, manufacture, distribute, market and sell our vehicles successfully.
- We face risks associated with international operations, including possible unfavorable regulatory, geopolitical, tax and labor conditions, which could adversely affect our business.
- The automotive industry has significant barriers to entry that we must overcome in order to manufacture and sell EVs at scale.
- The automotive market is highly competitive, and we may not be successful in competing in this industry.
- We have experienced and may in the future experience significant delays in the design, launch and manufacture of our vehicles, which could harm our business and prospects.
- Our ability to continue production and grow depends upon our ability to maintain relationships with our existing suppliers and source suppliers for our critical components, and to complete building out our supply chain, while effectively managing the risks due to such relationships.

- We are dependent on our suppliers, the majority of which are single-source suppliers, and the inability or unwillingness of these suppliers to deliver necessary components of our products, or our inability to efficiently manage these components, could have a material adverse effect on our results of operations and financial condition.
- Changes in costs, changes of supply or shortage of materials, in particular for lithium-ion battery cells, could harm our business.
- If we fail to successfully construct or tool our manufacturing facilities or if our manufacturing facilities become inoperable, we will be unable to produce our vehicles and our business will be harmed.
- We have limited experience in high volume manufacture of our vehicles.
- If our vehicles fail to perform as expected, our ability to develop, market and sell or lease our products could be harmed.
- There is a limited pool of service professionals with experience servicing our vehicles and their integrated software. If we or our partners are unable to adequately service our vehicles, our business, prospects, financial condition and results of operations may be materially and adversely affected.
- Insufficient reserves to cover future warranty or part replacement needs or other vehicle repair requirements, including any potential software upgrades, could materially adversely affect our business, prospects, financial condition and results of operations.
- We may not be able to accurately estimate the supply and demand for our vehicles, which could prevent us from maximizing our revenue. If we fail to accurately predict our manufacturing requirements, we could incur additional costs or experience delays.
- Any unauthorized compromise of or access to our products or information technology systems or networks could result in loss of confidence in us and our products, harm our business and materially adversely affect our financial performance, results of operations or prospects.
- We are subject to evolving laws, regulations, standards, policies, and contractual obligations related to data privacy, cybersecurity, and artificial intelligence, and failure to comply with such obligations could harm our reputation, subject us to significant fines and liability, or otherwise adversely affect our business.
- The loss of key employees or an inability to attract, retain and motivate qualified personnel, including executive leadership, may impair our ability to expand our business.
- Changes in U.S. trade policy, including the imposition of, or uncertainties surrounding, tariffs or revocation of normal trade relations and the resulting consequences, could adversely affect our business, prospects, results of operations and financial condition.
- We are subject to laws and regulations that could impose substantial costs, legal prohibitions or unfavorable changes upon our operations or products, and any failure to comply with these laws and regulations, including as they evolve, could substantially harm our business and results of operations.
- We may face regulatory limitations on our ability to sell vehicles directly, which could materially and adversely affect our ability to sell our vehicles.
- We may fail to adequately obtain, maintain, enforce, defend and protect our intellectual property and may not be able to prevent third parties from unauthorized use of our intellectual property and proprietary technology, which could harm our competitive position and cause us to incur significant expenses to enforce our rights.
- We will require additional capital to support business growth, and this capital might not be available on commercially reasonable terms, or at all.
- We may not be able to realize the anticipated benefits of our agreements with Aston Martin, Uber, and Nuro.
- If we identify material weaknesses or otherwise fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and the value of our common stock.
- The issuance of additional shares of our common stock or other equity or equity-linked securities, including upon conversion, optional redemption or repurchase of convertible securities, or sales of a significant portion of our common stock, could depress the market price of our common stock.
- We are a “controlled company” within the meaning of the applicable Nasdaq rules and, as a result, qualify for exemptions from certain corporate governance requirements. Our stockholders do not have the same protections afforded to stockholders of companies that are not controlled companies.
- The PIF and Ayar beneficially own a significant equity interest in us and Ayar is a significant lender to us, and either or both have significant influence over us.
- Our Redeemable Convertible Preferred Stock has rights, preferences and privileges that are not held by, and are senior to the rights of, our common stockholders.

**Risks Related to Our Business and Operations**

***Our limited operating history makes evaluating our business and future prospects difficult and may increase the risk of stockholders' investment.***

We have a limited operating history and operate in a rapidly evolving and highly regulated market. Furthermore, we have only released two commercially available vehicles, and we have limited experience manufacturing or selling a commercial product at scale.

We have encountered and expect to continue to encounter risks and uncertainties frequently experienced by companies in rapidly changing markets, including risks relating to our ability to, among other things:

- hire, integrate and retain professional and technical talent, including key members of management;
- continue to make significant investments in research, development, manufacturing, marketing and sales;
- successfully design, build, manufacture and market new variants and models of EVs, such as our upcoming Midsize platform;
- build a well-recognized and respected brand;
- establish, implement, refine and scale our commercial manufacturing capabilities and distribution infrastructure;
- establish and maintain satisfactory arrangements with third-party suppliers;
- establish and expand our customer base;
- anticipate and adapt to changing market conditions, including consumer demand for certain vehicle types, models or trim levels, technological developments and changes in competitive landscape;
- navigate an evolving and complex landscape of regulations, policies, and government incentives; and
- successfully obtain, maintain, protect, defend and enforce our intellectual property and defend against claims of intellectual property infringement, misappropriation or other violation.

***We have incurred net losses each year since our inception and expect to incur increasing expenses and substantial losses for the foreseeable future.***

We have incurred net losses each year since our inception, including net loss of $830.9 million and $2,894.1 million for the three and nine months ended September 30, 2026, respectively. As of September 30, 2026, our accumulated deficit was $18.5 billion. As a result of the capital-intensive nature of our business, we expect to continue to incur substantial operating losses in the foreseeable future as we:

- continue to design, develop and manufacture our vehicles;
- equip and expand our research, service, battery, powertrain, and manufacturing facilities to produce our vehicles in Arizona and in international locations such as Saudi Arabia;
- build up inventories of parts and components for our vehicles;
- manufacture and store an available inventory of our vehicles;
- develop and market EV-related products and technologies, including robotaxis;
- develop and deploy geographically dispersed vehicle charging partnerships;
- expand our design, research, development, maintenance and repair capabilities and facilities;
- increase our sales, service and marketing activities and develop our distribution infrastructure; and
- expand into new markets.

If our product development or commercialization of future vehicles or models is delayed, our costs and expenses may be significantly higher than we currently expect. We will incur the costs and expenses from these efforts before we receive any incremental revenues with respect thereto; therefore, we anticipate our losses in future periods will be significant.

***We may be unable to adequately control the substantial costs associated with our operations.***

We require significant capital to develop and grow our business. We have incurred and expect to continue to incur significant expenses, including leases, sales and distribution expenses as we build our brand and market our vehicles; expenses relating to developing and manufacturing our vehicles, constructing, tooling and expanding our manufacturing facilities; research and development expenses (including expenses related to the development of our current and future products, including the upcoming Midsize platform); raw material procurement costs; and general and administrative expenses as we scale our operations and incur the costs of being a public company. Increased competition, unfavorable government policies, and adverse economic conditions have in the past and may continue in the future to require us to spend additional resources to attract customers, which in turn may result in higher marketing and incentive expenses. Furthermore, lower production and sales volumes have in the past and may in the future result in an inability to fully utilize our purchase commitments with suppliers which could result in increased costs and excess inventory as well as potential inventory write-offs. We periodically review and record write-downs for excess or obsolete inventories based upon assumptions about current and future demand forecasts, considering shelf-life and technological obsolescence of certain inventories. Our current and future demand forecasts are based on our historical sales, market share performance, macroeconomic factors and trends in quantities or prices of orders for our products. We evaluate whether raw materials are approaching the end of their shelf-lives or becoming technologically obsolete, and the likelihood that we will be able to use the raw materials in production. If our inventory on-hand is in excess of future demand forecast and market conditions, the excess amounts are provisioned or written-down.

In addition, we have incurred and expect to continue to incur significant costs servicing and maintaining customers' vehicles, including establishing our service operations and facilities and undertaking product recalls. As our vehicle population grows and we launch new vehicle platforms, we expect to incur additional costs associated with expanding our Lucid Studios, service centers and other facilities. We have limited historical experience forecasting and budgeting for any of these expenses, and these expenses could be significantly higher than we currently anticipate. In addition, any disruption to our manufacturing operations, obtaining necessary equipment or supplies, expansion of our manufacturing facilities or the procurement of permits and licenses relating to our expected manufacturing, sales and distribution model, tariffs or other trade barriers, as well as geopolitical conflicts could significantly increase our expenses. In such event, we could be required to seek additional financing earlier than we expect, and such financing may not be available on commercially reasonable terms, or at all.

In the longer term, our ability to become profitable will depend on our ability to effectively manage our capital expenditures, control costs on a timely basis, and sell in quantities and at prices sufficient to achieve our expected margins. While we have taken steps to improve cost-effectiveness, including through the execution of our cash flow improvement plan, these efforts may not be successful or achieve the anticipated results. If we are unable to appropriately price and cost-efficiently design, manufacture, market, sell, distribute and service our vehicles, our margins, profitability and prospects will be materially and adversely affected.

***Failure to attract customers, failure to complete the purchase process with customers, and customer cancellation of orders may have a material adverse impact on our business, prospects, results of operations and financial condition.***

Demand and supply in the automobile industry is volatile. A number of factors have in the past and may in the future impact our ability to attract customers and complete the purchase process, including delays in customer deliveries, delays in the availability of options, supplier quality issues, potential changes in customer preferences, competitive developments, increased interest rates, negative publicity, product recalls, loss of government incentives, decreased demand for EVs, and insufficient charging infrastructure. Increases in interest rates could make financing unaffordable for segments of our customer base. Any event or incident which generates negative media coverage about us, or the safety or quality of our vehicles, has in the past, and may continue to result in failure to attract customers, failure to complete the purchase process, and customer cancellations. In addition, if we encounter delays in customer deliveries of our vehicles that further lengthen wait times or in the event of negative media coverage, a significant number of orders may be cancelled. As such, no assurance can be given that the purchase process will be completed, orders will not be cancelled, and orders will ultimately result in the final purchase, delivery and sale or lease of vehicles.

***A global economic recession, downturn or other adverse economic conditions may have a material adverse impact on our business, prospects, results of operations and financial condition.***

A global economic recession, downturn or other adverse economic conditions, whether due to changes or uncertainties in trade policies, the imposition or proposed imposition of tariffs, export controls, threat of a trade war, persistent inflation, political instability, global or regional conflicts or other geopolitical events, public health crises, interest rate increases or other central bank policy actions, bank closures and liquidity concerns at other financial institutions, or other factors, have in the past and may in the future have an adverse impact on our business, prospects, financial condition and results of operations. If any of our suppliers, sub-suppliers or partners experience financial distress, insolvency or disruptions in operations, they may be unable to fulfill their obligations or meet our production and quality requirements. Adverse economic conditions and uncertainty about the current and future domestic or global economic conditions may also cause our customers to defer purchases or cancel their orders in response to higher interest rates, limited consumer credit availability, lower cash reserves, fluctuations in foreign currency exchange rates, and weakened consumer confidence. A reduction in demand for our products may result in a decline in product sales, with a corresponding material adverse impact on our business, prospects, financial condition and results of operations. Given our premium brand positioning and pricing, an economic recession or downturn is likely to have a disproportionate adverse effect on us compared to our competitors in the EV and traditional automotive sectors, to the extent that consumer demand for luxury goods declines in favor of more cost-conscious alternatives. In addition, adverse economic conditions and uncertainties surrounding trade policies, tariffs and export controls have caused, and may continue to cause, supply chain and logistical challenges and operational risks. Further, while certain tax credits and other incentives for EVs and related infrastructure have been available in the past, many such programs have been modified, challenged or phased out. Taken together, adverse economic conditions and uncertainties surrounding trade policies, government grants or incentives, tariffs and export controls, coupled with supply chain challenges and the potential difficulty of passing costs to customers or sharing the burden with suppliers, could reduce demand for our products and have a material adverse effect on our business, prospects, results of operations and financial condition.

In addition, the deterioration of conditions in global credit markets, as well as geopolitical events, including in the Middle East, may limit our ability to obtain external financing to fund our operations and capital expenditures for business growth on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, we will have to significantly reduce our spending, delay or cancel our planned activities or substantially change our corporate structure, and we might not have sufficient resources to conduct or support our business as projected, which would have a material adverse effect on our business, prospects, results of operations, and financial condition. See "—Risks Related to Financing and Strategic Transactions — *We will require additional capital to support business growth, and this capital might not be available on commercially reasonable terms, or at all*."

***We currently depend primarily on revenue generated from a limited number of models and anticipate continuing to be significantly dependent on a limited number of models in the foreseeable future.***

We currently generate revenue from the Lucid Air and Lucid Gravity, and are expecting to launch the Midsize platform in the near future. For the foreseeable future, we will be significantly dependent on a limited number of models. We expect to rely on sales from our current vehicle models, among other sources of financing, for the capital that will be required to develop and commercialize future models on our product roadmap. To the extent that production of our current or future models is delayed, reduced or retired, or if our current or future models are not well-received by the market for any reason, our revenue and cash flow would be adversely affected, we may need to seek additional financing earlier than we expect, and such financing may not be available to us on commercially reasonable terms, or at all.

***If we are unable to fulfill the orders from the Government of Saudi Arabia or if the Government of Saudi Arabia purchases significantly fewer vehicles than we anticipate for any reason, our business, prospects, results of operations and financial condition could be materially and adversely affected.***

In August 2023, we entered into the EV Purchase Agreement with the Government of Saudi Arabia as represented by the Ministry of Finance, which supersedes the letter of undertaking that we entered into in April 2022. Pursuant to the terms of the EV Purchase Agreement, the Purchaser may purchase up to 100,000 vehicles, with a minimum purchase quantity of 50,000 vehicles and an option to purchase up to an additional 50,000 vehicles during a ten-year period. Under the EV Purchase Agreement, the Purchaser may reduce the minimum vehicle purchase quantity by the number of vehicles set out in any purchase order not accepted by us or by the number of vehicles that we fail to deliver within six months from the date of the applicable purchase order. The Purchaser also has the sole and absolute discretion to decide whether to exercise the option to purchase the additional 50,000 vehicles. See Note 15 "Related Party Transactions" to the condensed consolidated financial statements included elsewhere in this Quarterly Report for more information.

If we experience delays in manufacturing and delivering vehicles ordered by the Purchaser, fail to or experience delays in complying with Saudi Arabian regulations or the requirements of the EV Purchase Agreement, fail to provide adequate service or support for the vehicles, or fail to appropriately price our vehicles, our revenue, cash flow and results of operations and financial condition could be adversely affected. Furthermore, if the Purchaser reduces the minimum vehicle purchase quantity, delays the purchase of vehicles, does not exercise its option to purchase additional vehicles, or purchases significantly fewer vehicles than we currently anticipate for any reason, including for reasons beyond our control, our business, prospects, results of operations and financial condition could be materially and adversely affected.

***Our business and prospects depend significantly on our brand.***

Our business and prospects heavily depend on our ability to develop, maintain, protect and strengthen the "Lucid" brand association with luxury and technological excellence. Promoting and positioning our brand will likely depend significantly on our ability to provide a consistently high-quality customer experience, an area in which we have gained experience over years but may continue to face challenges. To promote our brand, we will be required to invest in, and over time change our customer development and branding practices, which could result in substantially increased expenses, including the need to use public relations, media, event planning, and advertising firms. Our ability to successfully position our brand could also be adversely affected by perceptions about the quality of our competitors' vehicles or our competitors' success. For example, certain of our competitors have been subject to significant scrutiny for incidents involving their self-driving technology and battery fires, which could result in similar scrutiny of us.

With social media, any negative publicity, whether or not factual, can quickly be disseminated and harm consumer perception and confidence in our brand. This risk is heightened by our engagement with influencers, as negative experiences by these high-profile users can be rapidly amplified, damaging our brand credibility and impacting brand loyalty. Viral negative posts or negative reviews that highlight quality issues or compare us unfavorably to competitors could adversely affect consumer perception about our vehicles and reduce demand, potentially causing a material adverse effect on our business, results of operations, prospects and financial condition. Thus, failure to correct misinformation or mitigate negative information concerning us, the products we offer, our customer experience, or any aspect of our brand, our business, sales and results of operations could adversely impact us.

***Our sales will depend in part on our ability to establish and maintain confidence in our long-term business prospects among consumers, the investment community and others within our industry.***

Consumers may be less likely to purchase our products if they do not believe that our business will succeed or that our operations, including service and customer support operations, will continue for many years. Similarly, suppliers, financing partners, and other third parties will be less likely to invest time and resources in developing business relationships with us if they are not convinced that our business will succeed. Accordingly, to build, maintain and grow our business, we must establish and maintain confidence among customers, suppliers, the investment community and other parties with respect to our liquidity and long-term business prospects. If we are unable to establish or maintain confidence among these parties with respect to our liquidity and long-term business prospects, we may lose our relationships or contracts with such parties, experience reduced sales or customer demand, and may suffer monetary losses, operational interruption, or damage to our reputation and brand.

Maintaining such confidence may be difficult as a result of many factors, including our limited operating history, others' unfamiliarity with our products, uncertainty regarding the future of EVs, any delays in scaling production or launch of the upcoming Midsize platform, delivery and service operations to meet demand, competition, and our production and sales performance compared with market expectations. Many of these factors are largely outside of our control, and any negative perceptions about our long-term business prospects, even if exaggerated or unfounded, would likely harm our business and make it more difficult to attract customers and raise additional capital in the future. In addition, a significant number of new EV companies have entered the automotive industry, which is an industry that has historically been associated with significant barriers to entry and a high rate of failure. Certain of these new entrants or other traditional automotive manufacturers now producing EVs have become insolvent, and if additional manufacturers producing EVs become insolvent or are perceived to likely become insolvent, discontinue production of EVs, produce vehicles that do not perform as expected or otherwise fail to meet expectations, such failures may have the effect of increasing scrutiny of others in the industry, including us, and further challenging customer, supplier and the investment community's confidence in our long-term prospects.

***Our distribution model relies on a direct-to-consumer strategy domestically, and we are pursuing alternative distribution models internationally where we have less experience.***

Third-party dealer networks are the traditional method of vehicle sales distribution and service in North America. Currently, we sell directly to consumers; therefore, we do not have a traditional dealer product distribution and service network. While we have gained experience with distribution, we may continue to face challenges distributing directly to consumers, and we expect that continuing to build a national and global in-house sales and marketing function, including an expanded physical sales, marketing and service footprint via our Lucid studios and service centers, will be expensive and time consuming. We have experienced delays in the construction and opening of our Lucid studios and service centers and any significant delays to establish Lucid studios and service centers in key markets in the future could have an adverse effect on our business, results of operations, prospects and financial condition. In addition, if our lack of a traditional dealer distribution and service network results in lost opportunities to generate sales, it could limit our ability to grow. Moreover, our business model of selling directly to consumers and directly servicing all vehicles may be limited by regulatory constraints. If our use of an in-house sales, marketing and service team is not effective, our results of operations and financial condition could be adversely affected. As we expand globally, we are actively evaluating, and have adopted in certain markets, alternative importer and agency models designed to enhance flexibility, increase our speed to market in a capital efficient manner, and optimize our distribution strategy in response to evolving market dynamics. We have limited experience utilizing alternative distribution models, and such efforts require significant information systems to be developed and deployed, which may prove costly, time-consuming or ineffective.

***Our ability to generate meaningful product revenue depends on consumer adoption of EVs.***

We are developing and producing EVs and related products, services, and technologies, and, accordingly, our ability to generate meaningful product revenue will highly depend on sustained consumer demand for alternative fuel vehicles in general and EVs in particular. If the market for EVs does not develop as we expect or develops more slowly than we expect, or if there is a decrease in consumer demand for EVs, these factors may harm our business, prospects, financial condition and results of operations. The market for electric and other alternative fuel vehicles is rapidly evolving, characterized by rapidly changing technologies, price competition, market entrants, evolving government regulation (including the availability, reduction or elimination of government incentives and subsidies) and industry standards, frequent new vehicle introductions and changing consumer demands and behaviors. Any number of developments or disruptions in the industry could negatively affect consumer demand for EVs broadly and for our EVs in particular.

In addition, demand for EVs may be affected by factors directly impacting automobile prices or the cost of purchasing and operating automobiles such as the availability, reduction or elimination of sales and financing incentives including tax credits, prices of raw materials and parts and components, cost of fuel, availability of consumer credit, interest rates, and governmental regulations, including tariffs, import and export regulations 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 results of operations. Further, sales of vehicles in the automotive industry tend to be cyclical in many markets, which may expose us to increased volatility, especially as we expand and adjust our operations and retail strategies. Specifically, it is uncertain how such macroeconomic factors will impact us in an industry that has globally been experiencing a recent decline in sales.

Other factors that may influence the adoption of EVs include:

- perceptions about EV quality, safety, design, performance, value, and cost;
- perceptions about the limited range over which EVs may be driven on a single battery charge;
- considerations about the total cost of ownership of EVs, including the initial purchase price and accumulated depreciation, as well as operating and maintenance costs;
- concerns about electric grid capacity and reliability;
- perceptions about the sustainability and environmental impact of EVs, including with respect to both the sourcing and disposal of materials for EV batteries and the generation of electricity provided in the electric grid;
- the cost and availability of other alternative fuel vehicles, including plug-in hybrid EVs;
- improvements in the fuel economy of the internal combustion engine;
- the quality, reliability, and availability of service for EVs, especially in international markets;
- volatility in the cost of oil and gasoline;
- government regulations and the availability, reduction or elimination of economic incentives promoting fuel efficiency and alternate forms of energy;
- access to charging stations compatible with our vehicles and cost to charge an EV, especially in international markets, and related infrastructure costs and standardization;
- the availability, reduction or elimination of tax and other governmental incentives to purchase and operate EVs or future regulations requiring increased use of nonpolluting vehicles; and
- macroeconomic factors.

The influence of any of the factors described above or any other factors may cause a general reduction in consumer demand for EVs or our EVs in particular, either of which could require us to increase promotional activities, offer additional incentives, reduce pricing, or take other actions that could reduce our margin, which would materially and adversely affect our business, results of operations, financial condition and prospects.

***We face challenges providing charging solutions for our vehicles, both domestically and internationally.***

Demand for our vehicles will depend in part on the availability of charging infrastructure both domestically and internationally. While the prevalence of charging stations has been increasing, public charging station locations are significantly less widespread than gas stations. Furthermore, public charging stations sometimes experience downtime, leading to customer dissatisfaction. Although we have partnered with third-party EV charging providers to offer charging stations to our customers, the public charging infrastructure available to our customers may be insufficient to meet their needs or expectations, especially in certain international markets. Some potential customers may choose not to purchase our vehicles because of the lack of more widespread and reliable public charging infrastructure. In addition, although we have gained access to Tesla's Supercharger network, any delay in implementing changes in Lucid vehicles required by Tesla with respect to charge ports may result in Tesla denying our access to their network, and there is no guarantee that our customers will not experience performance, access or other issues with this or other charging networks. In addition, there has been additional scrutiny into funding that supports the EV industry, including EV charging infrastructure, under the current U.S. administration, and such scrutiny may result in legislation that could adversely impact the availability of funding under existing programs. For example, the National Electric Vehicle Infrastructure Formula Program, which began to expand the network of electric vehicle charging stations nationwide in 2021, is scheduled to end at the end of 2026, which could delay deployment of charging infrastructure and negatively impact consumer confidence and demand for EVs. Consequently, the deployment of public charging stations may not occur at planned levels, which could limit the development of public charging infrastructure and decrease the attractiveness and demand for EVs.

***If we fail to manage our growth effectively, we may not be able to develop, manufacture, distribute, market and sell our vehicles successfully.***

Any failure to manage our growth effectively could materially and adversely affect our business, prospects, results of operations and financial condition. We are expanding our operations significantly and our current and future expansion plans may include:

- expanding our management team;
- hiring and training new personnel, including service technicians;
- ramping up the production of our current vehicles and releasing new models in the future;
- establishing or expanding design, manufacturing, distribution, sales and service facilities;
- developing and marketing EV-related products and technologies, including robotaxis;
- implementing and enhancing administrative and business infrastructure, governance, systems and processes, including in connection with our status as a public company; and
- expanding into new markets and establishing sales, marketing, service, administrative, distribution, or manufacturing operations and partnerships in many of those markets.

We require qualified personnel, including design, engineering, manufacturing and quality personnel, as well as service technicians for our vehicles. Our vehicles are based on a different technology platform than traditional internal combustion engines. Individuals with sufficient training in EVs may not be available to hire, and as a result, we will need to expend significant time and expense training the employees we do hire. Competition for individuals with experience in supply chain management and logistics as well as designing, engineering, manufacturing, producing, selling, and servicing EVs is intense, and we may not be able to identify, attract, train, motivate or retain sufficient highly qualified personnel in the future. Furthermore, we have in the past reduced the size of our workforce, and implemented workforce reduction plans and other actions relating to contractors in the first half of 2026, including the elimination of the second shift of production at our AMP-1 factory. We have also undergone a number of changes to our executive leadership team. Any such plan may adversely affect our internal programs and initiatives, our ability to recruit and retain skilled and motivated personnel, may be distracting to employees and management and may negatively impact our business operations, reputation, or ability to serve customers. We cannot provide any assurances that we will not have to undertake additional workforce reductions or similar actions in the future. The failure to identify, attract, train, motivate and retain these employees could seriously harm our business and prospects. In addition, our employee equity program is a key factor in our ability to attract and retain talent and continue to support the growth of the company. If we are unable to grant equity awards, or if we are forced to reduce the value of equity awards to be received by the employees for any reason, we may not be able to attract, hire and retain the personnel necessary for our business, which would have a material adverse effect on our business, prospects, financial condition and results of operations. In addition, our success is substantially dependent upon the continued service and performance of our senior management team and key technical and vehicle management personnel. If any key employees were to separate their employment with us, such separation would likely increase the difficulty of managing our current operations and future growth and heighten the foregoing risks.

We also have limited experience to date in high volume manufacturing of our vehicles. We cannot assure our investors that we will be able to develop and implement efficient, automated, low-cost manufacturing capabilities and processes, and reliable sources of component supply that will enable us to meet the desired quality, price, engineering, design and production standards, as well as the production volumes, required to successfully market and sell our vehicles. We have also experienced, and may continue to experience, logistics and supply chain challenges affecting the movement of production equipment, manufacturing materials, service parts and vehicles, including as a result of international shipping delays, port congestion, geopolitical instability, regional conflicts, customs processes, transportation constraints, supplier capacity limitations and the ramp up of new manufacturing facilities. Any disruption to manufacturing operations or failure to develop and implement such manufacturing processes and capabilities within our projected costs and timelines could impact our future growth and impair our ability to launch, produce, market, service and sell or lease our vehicles successfully.

Furthermore, our rapid growth, competitive real estate markets, and increasing rental rates, may hinder our ability to obtain suitable space to accommodate our growing operations or to renew existing leases on terms favorable to us, if at all. Any failure to obtain or renew leases for real property on terms favorable to us when we need them may limit our growth, impact our operations and have an adverse impact on our financial condition. If we fail to manage our growth effectively, such failure could result in negative publicity and damage to our brand and have a material adverse effect on our business, prospects, financial condition and results of operations.

In addition, our success depends in part on our ability to provide a high-quality sales and ownership experience through our sales studios and service centers. If we are unable to effectively expand our sales footprint or service and support infrastructure, including due to difficulties hiring, training or retaining qualified personnel, shortages of service parts, supply chain disruptions, information technology failures or operational inefficiencies, customers may experience longer wait or repair times, reduced service access, delivery delays or inconsistent service quality, which could adversely affect our customer demand, brand and reputation, financial condition and results of operations. See "—Risks Related to Manufacturing and Supply Chain — *There is a limited pool of service professionals with experience servicing our vehicles and their integrated software. If we or our partners are unable to adequately service our vehicles, our business, prospects, financial condition and results of operations may be materially and adversely affected*." Moreover, as we expand globally, we are actively evaluating, and have adopted in certain markets, alternative importer and agency models designed to enhance flexibility, increase our speed to market in a capital efficient manner, and optimize our distribution strategy in response to evolving market dynamics. We have limited experience utilizing alternative distribution models, and if such efforts prove costly, time-consuming or ineffective, they could have a material adverse effect on our sales, brand, prospects, financial condition and results of operations.

***We face risks associated with international operations, including possible unfavorable regulatory, geopolitical, tax and labor conditions, which could adversely affect our business.***

As we expand our international presence and operations, we will be increasingly subject to the legal, geopolitical, regulatory and social requirements and economic conditions in these jurisdictions. Additionally, as part of our growth strategy, we have been expanding and may continue to expand our sales, maintenance and repair services outside of the U.S. We are also continuing the development of AMP-2 in Saudi Arabia and may continue to further expand our manufacturing activities outside the U.S. However, we have limited experience to date manufacturing or selling our vehicles outside of the U.S., and such expansion has and will continue to require us to make significant expenditures, including the hiring of local employees and establishing facilities and related systems and processes, in advance of generating any significant revenue. We are subject to a number of risks associated with international business activities that may increase our costs, impact our ability to sell, service and manufacture our vehicles, and require significant management attention. These risks include:

- conforming our vehicles to various international regulatory and homologation requirements where our vehicles are sold;
- establishing localized supply chains and managing international supply chain and logistics costs;
- establishing sufficient charging points for our customers in those jurisdictions, via partnerships or, if necessary, via development of our own charging networks or accessing those of third parties;
- difficulties staffing and managing foreign operations, especially in jurisdictions where no EV ecosystem exists and qualified personnel must be hired or relocated;
- difficulties attracting customers in new jurisdictions;
- difficulties establishing international manufacturing operations, including difficulties establishing relationships with or establishing localized supplier bases and developing cost-effective and reliable supply chains for such manufacturing operations and financing such manufacturing operations;
- difficulties controlling costs and potential loss of funding, including as a result of delays in the development or ramp-up of operations at AMP-2;
- difficulties or delays caused by local jurisdictions in implementing infrastructure improvements for manufacturing facilities;
- foreign government taxes, regulations and permit requirements, including foreign taxes that we may not be able to offset against taxes imposed upon us in the U.S., and foreign tax and other laws limiting our ability to repatriate funds to the U.S.;

- inflation as well as fluctuations in foreign currency exchange rates and interest rates, including risks related to any forward currency contracts, interest rate swaps or other hedging activities we may undertake;
- U.S. and foreign government trade restrictions, tariffs, price or exchange controls, and export controls, including political risk and customer perceptions based on such changes and risks;
- threat of a trade war that could impede the transition to EVs, disrupt global supply chains, and delay the implementation of economic competitiveness policies;
- foreign laws, regulations and restrictions, including in the areas of supply chain, labor, sales, service, sustainability and health and safety, and related compliance costs;
- increasingly restrictive and complex foreign data privacy and cybersecurity laws, regulations and obligations;
- actions that may impede global green transition priorities or policies designed to reduce environmental sustainability efforts;
- political instability, natural disasters, pandemics, wars, military actions, global or regional conflicts or other geopolitical events (including ongoing military operations in the Gulf region and the broader Middle East, as well as escalating hostilities affecting Saudi Arabia, such as missile and drone attacks targeting airports, energy facilities and other critical infrastructure, and the potential further escalation or broadening of such conflicts, each of which has affected and may continue to affect global energy prices, disrupt regional and global supply chains, air travel, and other transportation and logistics networks, and has presented and could continue to present challenges to our operations in the Middle East, including the ramp-up of operations at AMP-2 and the manufacturing of our Midsize platform, increase our operating costs and reduce our margins if we cannot offset these increased costs, delay shipments of equipment and components, particularly those shipment routes through the Strait of Hormuz, or the Bab el-Mandeb and Red Sea corridor, disrupt the transportation of our employees and other personnel, and otherwise impede our international manufacturing and logistics activities), or events of terrorism;
- increases in energy, freight, logistics and other operating costs arising from geopolitical developments may contribute to inflationary pressures, which could reduce consumer purchasing power and adversely affect demand for our vehicles;
- indirect effects of geopolitical events across regions, including through commodity price volatility, trade restrictions, regulatory changes or supply chain interdependencies, which could adversely affect our operations even in markets not directly impacted;
- prolonged or recurring geopolitical disruptions, which could limit our ability to accurately forecast demand, manage costs or implement effective mitigation strategies; and
- the strength of international economies.

If we fail to successfully address these risks, they could materially and adversely affect our business, prospects, results of operations and financial condition.

***The automotive industry has significant barriers to entry that we must overcome in order to manufacture and sell EVs at scale.***

The automobile industry is characterized by significant barriers to entry, including large capital requirements, investment costs of designing, manufacturing, and distributing vehicles, long lead times to bring vehicles to market from the concept and design stage, the need for specialized design and development expertise, regulatory requirements, establishing a brand name and image, and the need to establish sales and service locations. Since we are focused on the design of EVs, we face a variety of added challenges to entry that a traditional automobile manufacturer would not encounter, including additional costs of developing and producing an electric powertrain that has comparable performance to a traditional gasoline engine in terms of range and power, inexperience with servicing EVs, regulations associated with the transport or storage of batteries, the need to establish or provide access to sufficient charging locations and unproven high-volume customer demand for EVs. While we have successfully launched the Lucid Air and Lucid Gravity and continue to develop our manufacturing footprint, we have not finished tooling all production lines for AMP-1, and significant work remains to complete equipment installation, commissioning, permitting and operational readiness activities at AMP-2. Delays in completing these activities, including equipment delivery and installation, permitting, workforce readiness and production system deployment, could increase costs, delay production and future vehicle programs, and impede our ability to grow our business. If we are not able to overcome these challenges and successfully execute these activities, our business, prospects, results of operations and financial condition will be negatively impacted.

***The automotive market is highly competitive, and we may not be successful in competing in this industry.***

The global automotive market, particularly for electric and alternative fuel vehicles, is highly competitive, and we expect it will become even more so in the future. In recent years, the EV industry has grown, with the emergence of several companies that focus completely or partially on the EV market. In addition, traditional automotive manufacturers are also producing and selling electric and alternative fuel vehicles. We expect additional companies to enter this market within the next several years. EV manufacturers with which we compete include Tesla, Rivian, an increasing number of U.S.-based and international entrants and traditional automotive manufacturers, many of which have begun, or announced plans to begin, selling their own EVs in the near-term. We also compete with established automobile manufacturers in the luxury vehicle segment, including certain manufacturers who have entered or plan to enter the alternative fuel and EV market with either fully electric or plug-in hybrid versions of their vehicles. We compete for sales of luxury vehicles with internal combustion engines from established manufacturers. Certain of our competitors, particularly EV manufacturers based in China, have benefited from government support, including subsidies, tax incentives and other industrial policies, which may enhance their competitive position and lower their costs. 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, servicing, and support of their products, including the ability to significantly reduce prices of their products. In addition, many of these companies have longer operating histories, greater name recognition, larger and more established sales forces, broader customer and industry relationships and other resources than we do. Our competitors may be in a stronger position to respond quickly to changing market conditions and new technologies and may be able to design, develop, market and sell their products more effectively than we do. Vehicle price reductions by our competitors may result in downward price pressure and reduced demand for our vehicles. We may not be able to adjust our pricing strategies effectively, and there can be no assurance that such adjustments will allow us to successfully compete against our competitors, which may have a material adverse effect on our brand, business, prospects, inventory levels, results of operations and financial condition. In addition, increased competition has in the past and may continue to require us to increase marketing and incentive expenses, which may have a material adverse effect on our operating results and financial condition. We expect competition in our industry to significantly intensify in the future in light of the increased demand for alternative fuel vehicles, global competitors, macroeconomic uncertainty, and consolidation in the worldwide automotive industry. Our ability to successfully compete in our industry will be fundamental to our future success in existing and new markets. There can be no assurance that we will be able to compete successfully in our markets.

***Developments in EV or alternative fuel technology or improvements in the internal combustion engine may adversely affect the demand for our 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. Significant developments in alternative technologies, such as alternative battery cell technologies, hydrogen fuel cell technology, advanced gasoline, ethanol or natural gas, or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business and prospects in ways we do not currently anticipate. Existing and other battery cell technologies, fuels or sources of energy may emerge as customers' preferred alternative to the technologies in our EVs. Any failure by us to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay our development and introduction of new and enhanced EVs, which could result in the loss of competitiveness of our vehicles, decreased revenue and a loss of market share to competitors. In addition, we expect to compete in part on the basis of our vehicles' range, efficiency, charging speeds, performance, autonomous driving, software, and improvements in the technology offered by competitors could reduce demand for our current or future vehicles. As technologies change, we plan to upgrade or adapt our vehicles and introduce new models that reflect such technological developments, but our vehicles may become obsolete, and our research and development efforts may not be sufficient to adapt to changes in alternative fuel and EV technology. Additionally, as other companies continue to enter the EV space, we may lose any technological advantage we may have and suffer a decline in our competitive position. Any failure by us to successfully react to changes in existing technologies or the development of new technologies could materially harm our competitive position and growth prospects.

***The unavailability, reduction or elimination of certain government and economic programs could have a material adverse effect on our business, prospects, financial condition and results of operations.***

We benefit from government and economic programs in the U.S. and abroad that encourage the development, manufacture or purchase of EVs, such as ZEV credits, production tax credits, GHG credits and similar regulatory credits, the loss of which has and may continue to harm our ability to generate revenue from the sale of such credits to other manufacturers; the availability of tax credits and other incentives to consumers, without which the net cost to consumers of our vehicles could increase, reducing demand for our products; and investment tax credits for equipment, tooling and other capital needs, without which we may be unable to procure the necessary infrastructure for production to support our business and timeline; and certain other benefits, including a California sales and use tax exclusion and certain other hiring and job training credits in California, Michigan and Arizona. In addition, changes to non-financial incentives may also impact demand for our products, such as the federal government's announcement that electric and other clean air vehicles are no longer able to use carpool lanes without meeting the high occupancy requirements. We may also benefit from government loan or grant programs in the U.S., Canada and the EU, however, there is no guarantee that such EV-related governmental programs and economic incentives will be available in the future. Any reduction, elimination, limitation or selective application of tax and other governmental programs and economic incentives because of policy changes, fiscal tightening or other reasons may result in the diminished competitiveness of the EV industry generally or our EVs in particular, which would adversely affect our business, prospects, financial condition and results of operations. New federal, state, and local laws may impose additional barriers to EV adoption thereby reducing demand for our products. For example, many states have enacted or proposed laws imposing additional registration fees for certain hybrids and EVs to support transportation infrastructure, such as highway repairs and improvements, which have traditionally been funded through federal and state gasoline taxes. While certain tax credits and other incentives for EVs and related infrastructure have been available in the past, many programs have been modified, challenged or phased out. There is no guarantee that any incentive programs will be available in the future and the cessation and modification of these programs could have an adverse impact on demand for EVs, including our vehicles. Consequently, the reduced availability of and uncertainty related to government and economic incentives, including tax credits, and our ability and that of our customers and competitors to benefit from these credits and incentives, has had and could continue to have an adverse effect on our business, prospects, financial condition, results of operations, and cash flows. *See "— Failure to attract customers, failure to complete the purchase process with customers, and customer cancellation of orders may have a material adverse impact on our business, prospects, results of operations and financial condition."*

***We may be unable to offer attractive leasing and financing options for our current and future vehicles, which would adversely affect consumer demand. In addition, offering leasing and financing options to customers could expose us to credit and residual value risk.***

We offer leasing and financing of our vehicles to potential customers through third-party financing partners and intend to do the same in new markets. We have a relationship with one primary financial institution for leasing in certain markets. We cannot provide any assurance that such third-party financing partners will continue, or would be able or willing, to provide such services on terms acceptable to us or our customers, if at all. We believe our customer base requires a diverse and attractive range of financing and leasing options, and any inability to offer such options could limit our ability to grow vehicle sales and attract sufficient demand for our vehicles. Furthermore, because we have only sold a limited number of vehicles and only a limited secondary market for our vehicles exists, the future resale value of our vehicles is difficult to predict, and, if the actual resale value of our vehicles is lower than anticipated, it would make providing leasing terms that appeal to potential customers through such third-party financing partners more difficult. We believe that the ability to offer attractive leasing and financing options—whether due to the availability, reduction or continued elimination of tax incentives and certain governmental or economic programs, the availability of agreements with our third-party financing partners on terms acceptable to us or our customers, or other reasons—is particularly relevant to customers in the luxury vehicle segments in which we compete, and if we are unable to offer our customers attractive financing or leasing options for our current or planned future vehicles, including the upcoming Midsize platform vehicles, such failure could substantially reduce the population of potential customers and decrease demand for our vehicles. See "*— The unavailability, reduction or elimination of certain government and economic programs could have a material adverse effect on our business, prospects, financial condition and results of operations."* and *"— Failure to attract customers, failure to complete the purchase process with customers, and customer cancellation of orders may have a material adverse impact on our business, prospects, results of operations and financial condition."*

Furthermore, competitive pressure and challenging markets could increase consumer credit risk borne by our financial institution partners in connection with leases and loans to financially weak customers, extended payment terms, and leases and loans into new and immature markets, and any such credit risk could be further heightened in light of the economic uncertainty and any economic recession or other downturn, whether due to inflation, global or regional conflicts or other geopolitical events, or public crises. Increased consumer credit risk could cause our financial institution partners to increase financing rates or otherwise modify financing terms, which could increase customer payments and adversely affect demand for our vehicles. If we are unable to provide leasing and financing arrangements that appeal to potential customers in a timely manner, or if the provision of such arrangements exposes us to excessive regulatory risk, our business, competitive position, results of operations and financial condition could be adversely affected.

In addition, we provide a residual value guarantee to our banking partners in connection with our vehicle leasing programs. The nature and extent of our exposure varies among markets and financial institution relationships and is determined by the terms of the applicable arrangement, under which we may be contractually obligated to share a portion or all of any shortfall between the resale value realized by the banking partner and a predetermined resale value. However, actual resale values are subject to fluctuations from various factors such as the condition of the leased vehicle, market price of new vehicles, and general economic conditions. If the resale values of leased vehicles pursuant to the vehicle leasing program are materially lower than our estimates, we may be required to cover some or all of such difference and our results of operations could be negatively impacted.

***We may not be able to obtain or agree on acceptable terms and conditions for all or a significant portion of the government grants, loans and other incentives for which we may apply. As a result, our business and prospects may be adversely affected.***

We may apply for federal, state and foreign grants, loans and tax incentives under government programs designed to stimulate the economy and support the production of alternative fuel and EVs and related technologies. We anticipate that in the future there may be new opportunities for us to apply for grants, loans and other incentives from the U.S. federal and state governments, as well as foreign governments. 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 guarantee 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.

***We are subject to risks associated with autonomous driving and advanced driver assistance system technology, and we cannot guarantee that our vehicles will achieve our targeted assisted or autonomous driving functionality within our projected timeframe, if ever.***

We design our vehicles with proprietary ADAS hardware and software. The Lucid Air and Lucid Gravity are equipped with Level 2 (partial automation) ADAS functionality. Additionally, our vehicles are capable of integrating third-party ADAS and autonomous vehicles ("AV") hardware and software. For example, in July 2025, we entered into an integration agreement with Nuro to install autonomous driving software in Lucid Gravity vehicles, in conjunction with our agreement with Uber, to enable Uber and its designated fleet operators to operate such vehicles, in specified geographical areas, without human intervention ("Level 4 autonomy"). In addition, we entered into the Second VPA with Uber in April 2026, further expanding our strategic partnership in connection with our Midsize platform vehicles. Over time, we plan to upgrade our vehicles with additional ADAS and AV capabilities. ADAS and AV technologies are emerging and subject to known and unknown risks, and there have been accidents and fatalities associated with such technologies. The safety of such technologies depends in part on user interaction, and users, as well as other drivers on the roadways, may not be accustomed to using or adapting to such technologies. In addition, self-driving technologies are the subject of intense public scrutiny and interest, and previous accidents involving autonomous driving features in other non-Lucid vehicles, including alleged failures or misuse of such features, have generated significant negative media attention and government investigations. We and others in our industry are subject to a Standing General Order issued by NHTSA that requires us to report certain crashes in which ADAS features were active, and these crash reports may become publicly available. To the extent accidents associated with our ADAS or third-party technologies occur, we could be subject to significant 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.

In addition, we face substantial competition in the development and deployment of ADAS and AV technologies. Many of our competitors, including established automakers and technology companies, have devoted significant time and resources to developing self-driving technologies. If we are unable to develop or improve competitive Level 2 or more advanced ADAS or AV technologies in-house or acquire access to such technologies via partnerships or investments in other companies or assets, we may be unable to equip our vehicles with competitive ADAS or AV features, which could damage our brand, harm our competitive position, reduce consumer demand for our vehicles and could have a material adverse effect on our business, results of operations, prospects and financial condition.

ADAS and AV technologies are also subject to regulatory uncertainty, which exposes us to additional risks. See "— Risks Related to Litigation and Regulation — *ADAS and autonomous vehicle technologies are subject to uncertain and evolving regulations.*"

***Uninsured or underinsured losses could result in payment of substantial damages, which would decrease our cash reserves and could harm our cash flow and financial condition.***

In the ordinary course of business, we may be subject to losses resulting from claims such as product liability, significant accidents, acts of God or other claims brought against us, for which we may have no or insufficient insurance coverage. While we currently carry insurance that is generally customary for a company of our size and operations, we may not maintain as much insurance coverage as other original equipment manufacturers, and in some cases, we may not maintain any at all. Additionally, the policies that we have in place may include significant deductibles, limitations or exclusions, and we cannot be certain that our insurance coverage will be sufficient to cover all or any future claims. A loss that is uninsured or exceeds existing policy limits may require us to pay unexpected and substantial amounts, which could adversely affect our financial condition and results of operations. Further, insurance coverage may not continue to be available to us or, if available, may be at a significantly higher cost based on insurance market conditions, changes in our risk profile or loss portfolio. This may require a change in our insurance purchasing philosophy and strategy which can result in the assumption of greater risks to offset insurance market fluctuations.

***Extended periods of low gasoline or other petroleum-based fuel prices could adversely affect demand for our vehicles, which would adversely affect our business, prospects, results of operations and financial condition.***

A portion of the current and expected demand for EVs results from concerns about volatility in the cost of gasoline and other petroleum-based fuel, the dependency of the U.S. on oil from unstable or hostile countries, government regulations and the availability, reduction or elimination of economic incentives promoting fuel efficiency and alternative forms of energy, as well as concerns about climate change resulting in part from the burning of fossil fuels. If the cost of gasoline and other petroleum-based fuel decreases significantly, the outlook for the long-term supply of oil to the U.S. improves, the government eliminates or modifies its regulations or economic incentives related to fuel efficiency and alternative forms of energy or there is a change in the perception that the burning of fossil fuels negatively impacts the environment, the demand for EVs, including our vehicles, could be reduced, and our business and revenue may be harmed. In addition to the OBBBA, the current U.S. administration has prioritized efforts that encourage domestic production of fossil-fuel energy, including oil. If increased production of oil lowers gas prices, demand for EV vehicles may decline.

Gasoline and other petroleum-based fuel prices have historically been extremely volatile and it is difficult to ascertain whether such volatility will continue to persist, which could be exacerbated by geopolitical events, including ongoing military operations in the Gulf region and the broader Middle East. Lower gasoline or other petroleum-based fuel prices over extended periods of time may lower the perception in government and the private sector that cheaper, more readily available energy alternatives should be developed and produced. If gasoline or other petroleum-based fuel prices remain at deflated levels for extended periods of time, the demand for EVs, including our vehicles, may decrease, which would have an adverse effect on our business, prospects, financial condition and results of operations.

***Changing and at times, conflicting expectations from global regulators, our investors, customers and employees with respect to sustainability matters may impose additional costs on us or expose us to new or additional risks.***

Attention from governmental organizations and our investors, customers and employees, on sustainability issues and disclosure, may cause us to incur additional costs or expose us to additional risks. There can be no certainty that we will be able to meet varying or conflicting stakeholder expectations regarding these matters to our various stakeholders' satisfaction. Negative public perception, adverse publicity or negative comments in social media about us could damage our reputation. Any harm to our reputation could impact our employees' engagement and retention and the willingness of our customers and partners to do business with us.

Additional costs and resources may be required to monitor, report, and comply with global regulations on sustainability topics, and the rapidly changing regulatory landscape makes it difficult to plan for future developments. Actual or perceived shortcomings or dissatisfaction with our sustainability practices and reporting may subject us to litigation and could negatively impact our business. In addition, a variety of organizations have developed ratings to measure the performance of companies on these topics, and the results of these assessments are widely publicized. Unfavorable or downgraded ratings of our company or our industries, as well as non-inclusion or removal of our stock on sustainability-oriented investment funds or indexes, may lead to negative investor sentiment and the diversion of investment to other companies or industries, which could have a negative impact on our stock price.

**Risks Related to Manufacturing and Supply Chain**

***We have experienced and may in the future experience significant delays in the design, launch and manufacture of our vehicles, which could harm our business and prospects.***

Our plan to scale our manufacturing capacity and increase sales is dependent upon the timely availability of funds, upon our finalizing of the related design, engineering, component procurement, testing, build-out and manufacturing plans in a timely manner and also upon our ability to execute these plans within the planned timeline. Automobile manufacturers often experience delays in the design, manufacture and commercial release of new vehicle models, as well as in ramping up production, and we have experienced in the past, and may experience in the future, such delays with regard to our vehicles. For example, we have experienced delays in the engineering of certain of our vehicle systems, including as a result of design changes to components. Any future delays in the design, launch and manufacture of our vehicles and variants could materially damage our brand, business, prospects, financial condition and results of operations.

Our Midsize platform is still under development, and may be delayed or not proceed as planned. Additionally, prior to mass production of our EVs, they must be fully approved for sale in accordance with a range of jurisdiction-specific requirements, including but not limited to regulatory approvals in the various geographies where we intend to launch. Likewise, we have encountered and may continue to encounter delays with the design, construction, and regulatory or other approvals necessary to bring online our future expansions in Arizona and Saudi Arabia, or any other future manufacturing facilities. We have experienced and may continue to experience delays in the launch and ramp of our vehicles and as a result, our growth prospects could be adversely affected.

Furthermore, we rely on third-party suppliers for the development, manufacture, and supply of many key components and materials used in our vehicles, as well as for provisioning and servicing equipment at our manufacturing facilities. We have experienced, and may in the future experience, delays if our suppliers are unwilling to supply components on acceptable terms, do not agree to our timing or volume requirements, fail to meet agreed-upon timelines and volumes, experience capacity constraints, or deliver components that do not meet our quality standards or other requirements. We have also been affected by ongoing, industry-wide challenges in logistics and supply chains, such as increased supplier lead times and the limited availability of reliable third-party suppliers. For example, ongoing military operations in the Gulf region and the broader Middle East, as well as escalating hostilities affecting Saudi Arabia, such as missile and drone attacks targeting airports, energy facilities and other critical infrastructure, and the potential further escalation or broadening of such conflicts, have affected and may continue to affect global energy prices, disrupt global and regional supply chains, air travel, and other transportation and logistic networks, and have presented and may continue to present challenges to our operations in the Middle East, including delays in shipments of equipment components, particularly those shipping routes through the Strait of Hormuz, or the Bab el-Mandeb and Red Sea corridor, disruptions to the transportation of our employees and other personnel, and other impediments to our international manufacturing and logistics activities. In addition, increasing demand for data centers and artificial intelligence applications may continue to contribute to global supply constraints, shortages, increased costs and longer lead times for various electronic components, including memory, semiconductors and printed circuit boards. These challenges have affected our ability, as well as the ability of our suppliers, to obtain parts, components and manufacturing equipment on a timely basis, and in some instances, have resulted in increased costs and delays in facilities construction and expansion as well as vehicle production ramp-up. We expect the risk of unexpected disruptions to continue for the foreseeable future. Any delays by our suppliers in delivering or developing necessary components may result in further setbacks to our production and delivery timelines.

The continued development, manufacturing and production ramp of our vehicles are and will be subject to risks, including with respect to:

- our ability to ensure ongoing readiness of firmware features and functions to be integrated into our vehicles as planned and on the desired timeline;
- our ability to finalize release candidate specifications for our future vehicles as planned and on the desired timeline;
- any delays by us in delivering final component designs to our suppliers or any changes to such component designs;
- our or our suppliers' ability to successfully tool manufacturing facilities as planned and on the desired timeline;
- our ability to ensure a working and reliable supply chain and desired supplier part quality and quantity as planned and on the desired timeline;
- our ability to accurately manufacture vehicles within specified design tolerances;
- our ability to establish, implement, refine and scale, as well as make significant investments in manufacturing, supply chain management and logistics functions, including the related information technology systems and software applications;
- our ability to adequately reduce and control the costs of key parts and materials;
- our ability to significantly reduce freight costs, including in-bound freight costs;
- our ability to manage any transitions or changes in our production process, planned or unplanned;
- the occurrence of product defects that cannot be remedied without adversely affecting the production;
- our ability to secure necessary funding;

- our ability to obtain required regulatory approvals and certifications;
- our ability to comply with environmental, safety, and similar regulations, and in a timely manner;
- our ability to secure necessary components, services, or licenses on acceptable terms and in a timely manner;
- our ability to attract, recruit, hire, retain and train skilled employees including supply chain management, supplier quality, engineering, autonomous driving, software, manufacturing and logistics personnel;
- our ability to design and implement effective and efficient quality control and inventory management processes;
- securing in a timely manner necessary raw materials and components that meet our quality standards, cost-effectively in domestic and international sourcing, including raw materials and components subject to China's export control requirements regarding certain rare-earth minerals and semiconductor-related products, such as microchips and memory;
- our ability to maintain arrangements on commercially reasonable terms with our suppliers, delivery and other partners, after sales service providers, and other operationally significant third parties;
- other delays, backlogs in manufacturing and research and development of new models, and cost overruns; and
- any other risks identified herein.

Any significant delay or complication in the design of our vehicles, or in the launch, manufacture, and production ramp of our products, features and services, including those related to expanding our production capacity and supply chain, obtaining or maintaining necessary regulatory approvals, or managing such ramps cost-effectively, could materially damage our brand, business, prospects, financial condition and results of operations.

We expect that we will require additional financing to fund our planned operations and expansion plans. If we are unable to arrange for required funds under the terms and on the timeline that we anticipate, our plans for tooling and building out our manufacturing facilities and for commercial production of our EVs could be significantly delayed, which would materially adversely affect our business, prospects, financial condition and results of operations. See "—Risks Related to Financing and Strategic Transactions — *We will require additional capital to support business growth, and this capital might not be available on commercially reasonable terms, or at all."*

***Our ability to continue production and grow depends upon our ability to maintain relationships with our existing suppliers and source suppliers for our critical components, and to complete building out our supply chain, while effectively managing the risks due to such relationships.***

Our success, including our ability to continue production of our current vehicle models, and commence production of our Midsize platform, will depend on our ability to enter into supplier agreements and maintain our relationships with hundreds of suppliers that are critical to the production of our vehicles. To date, we have not secured long-term supply agreements for all of our components, and for some components, our supply agreements do not guarantee sufficient quantities of components for our vehicle production ramp. We seek opportunities to secure long-term committed supply agreements for certain of these components. The supplier agreements we have or may enter into with key suppliers in the future may not be renewed or may contain provisions under which suppliers may refuse to supply. To the extent that we do not have long-term supply agreements with guaranteed pricing for our parts or components, we will be exposed to fluctuations in prices of components, materials and equipment. In addition, our agreements for the purchase of battery cells and other components often contain pricing provisions that are subject to adjustment based on changes in market prices of key commodities or currency values. Substantial increases in the costs for such components, materials and equipment, whether due to supply chain or logistics issues, adverse economic conditions, geopolitical conflicts, changes in trade policies or agreements, the uncertainties surrounding domestic and foreign tariffs, export controls, inflation, or increased energy or natural gas costs, would increase our operating costs and could reduce our margins if we cannot offset these increased costs. Any attempts to increase the announced or expected prices of our vehicles in response to increased costs could be viewed negatively by our potential customers and could adversely affect our business, prospects, financial condition or results of operations.

We may also be at a disadvantage in negotiating supply agreements for the production of our vehicles as well as for the design and construction of our manufacturing facilities due to our limited operating history. In addition, given that in many cases we are an aggregator of automotive parts produced by third-party manufacturers, there is the possibility that supply agreements for the parts and components for our vehicles could be at costs that make it difficult for us to operate profitably.

In addition, lower production volumes or demand, or reductions in our projected production volumes, have negatively affected, and could continue to adversely affect, our relationships with existing suppliers, who may seek to increase pricing, assert contractual or other claims, or otherwise fail to perform or comply with contractual obligations. We currently have, and may in the future have, supplier contractual claims, which would adversely affect our ability to obtain services and components from such suppliers. In addition, if we are unable to establish or maintain confidence among suppliers with respect to our liquidity and long-term business prospects, we may lose our relationships or contracts with such suppliers. Any such action has resulted, and may in the future result, in supply disruptions, increased costs, or disputes, which could materially and adversely affect our business, financial condition, and results of operations.

***We are dependent on our suppliers, the majority of which are single-source suppliers, and the inability or unwillingness of these suppliers to deliver necessary components of our products according to our schedule and at prices, quality levels and volumes acceptable to us, or our inability to efficiently manage these components or to implement or maintain effective inventory management and other systems, processes and personnel to support ongoing and increased production, could have a material adverse effect on our results of operations and financial condition.***

We rely on hundreds of third-party suppliers for the provision and development of many key components and materials used in our vehicles. While we seek to obtain components from multiple sources whenever possible, many components used in our vehicles will be custom-designed and purchased by us from a single source. Our limited, and in many cases single-source, supply chain exposes us to delivery failure or component shortages for our production. Our third-party suppliers may not be able to meet our required product specifications and performance characteristics, which would impact our ability to achieve our product specifications and performance characteristics as well. Additionally, our third-party suppliers may be unable to obtain required certifications or provide necessary warranties for their products that are necessary for use in our vehicles.

We have been affected by ongoing, industry-wide challenges in logistics and supply chains, such as increased supplier lead times, limited availability of reliable third-party suppliers, and ongoing constraints in the supply of semiconductors and their related products. We expect that these industry-wide trends may continue to affect the ability of us and our suppliers to obtain parts, components and manufacturing equipment, including for the development of AMP-1 and AMP-2, on a timely basis for the foreseeable future, and may result in increased costs. Changes in our supply chain or production needs in order to meet our desired quality targets, development timelines and production volumes as well as due to design changes and model updates have resulted, and may continue to result, in cost increases from our suppliers.

Any significant increases in our production, such as production ramp of our vehicles, may require us to procure additional components in a short amount of time and our suppliers may not ultimately be able to sustainably and timely meet our cost, quality and volume needs, requiring us to replace them with other sources. In many cases, our suppliers provide us with custom-designed parts that would require significant lead time to obtain from alternative suppliers, or may not be available from alternative suppliers at all. If we are unable to obtain suitable components and materials used in our vehicles from our suppliers or if our suppliers decide to create or supply a competing product, our business could be adversely affected. Further, if we are unsuccessful in our efforts to control and reduce supplier costs, our results of operations will suffer. Alternatively, if our production decreases significantly below our projections for any reason, we may not meet all of our purchase commitments with suppliers with whom we have non-cancelable long-term purchase commitments. In cases where we are unable to fully utilize our purchase commitments, we have in the past and may continue to face fees, penalties, increased prices, excess inventory or inventory write-offs, and there could be a material adverse effect on our results of operations. In addition, lower production volumes or demand, or reductions in our projected production volumes, have negatively affected, and could continue to adversely affect, our relationships with suppliers, who may seek to increase pricing, assert contractual or other claims, or otherwise fail to perform or comply with contractual obligations. We currently have, and may in the future have, supplier contractual claims, which would adversely affect our ability to obtain services and components from such suppliers. In addition, if we are unable to establish or maintain confidence among suppliers with respect to our liquidity and long-term business prospects, we may lose our relationships or contracts with such suppliers. Any such action has resulted, and may in the future result, in supply disruptions, increased costs, or disputes, which could materially and adversely affect our business, financial condition, and results of operations.

In addition, we have experienced, and in the future could continue to experience, delays if our suppliers are unwilling to supply components on acceptable terms, do not agree to our timing or volume requirements, fail to meet agreed-upon timelines and volumes, experience capacity constraints, or deliver components that do not meet our quality standards or other requirements. This may seriously harm our reputation, increase our warranty and other costs, or lead to product returns or recalls, any of which may materially harm our business. Any disruption in the supply of components, including battery cells, magnets and semiconductors, 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. Any such delay, even if caused by a delay or shortage in only one part, could significantly affect our ability to meet our planned vehicle production targets. Even in situations where we may be able to establish alternate supply relationships and obtain or engineer replacement components for our single source components, we may be unable to do so quickly, or at all, at prices or quality levels that are acceptable to us. This risk is heightened by the fact that we have less negotiating leverage with suppliers than larger and more established automobile manufacturers, which could adversely affect our ability to obtain necessary components and materials on a timely basis, on favorable pricing and other terms, or at all. The industry in which we operate has experienced severe supply chain disruptions, and we expect these conditions to continue for the foreseeable future. Any such supply disruption could materially and adversely affect our results of operations, financial condition and prospects.

Furthermore, as we scale our vehicle production, we will need to accurately forecast, purchase, warehouse and transport components to our manufacturing facilities and servicing locations internationally and at much higher volumes. We are only beginning to scale production in our manufacturing facilities and in the process we have experienced challenges associated with such activities. If our production decreases significantly below our projections for any reason, we have incurred in the past, and may incur in the future, losses due to inventory write-downs or assets impairments. We are also only in the process of scaling our vehicle servicing operations. Accordingly, we have not thoroughly tested our ability to scale production and vehicle servicing and mitigate risks associated with these activities. In addition, our current systems and processes are not mature, which may affect our ability to timely initiate critical and time sensitive projects and increase project costs. If we continue to experience logistics challenges, are unable to accurately match the timing and quantities of component purchases to our actual needs, successfully recruit and retain personnel with relevant experience, timely comply with applicable regulations, or successfully implement automation, inventory management and other systems or processes to accommodate the increased complexity in our supply chain and manufacturing operations, we may incur unexpected production disruption, storage, transportation and write-off costs, which could have a material adverse effect on our results of operations and financial condition.

Furthermore, unexpected changes in business conditions, materials pricing, labor issues, wars, global or regional conflicts or other geopolitical events, governmental changes, political uncertainty, trade policies and agreements, the uncertainties surrounding domestic and foreign tariffs, export controls, natural disasters, health epidemics, and other factors beyond our and our suppliers' control could also affect these suppliers' ability to deliver components to us on a timely basis. For example, conflicts in the Middle East have affected, and may continue to affect certain shipping routes in the Red Sea as well as shipping routes through the Strait of Hormuz, resulting in delays in delivery of components and an increase in shipping costs globally. Prolonged or recurring geopolitical disruptions could limit our ability to accurately forecast demand, which may adversely affect our ability to project supplier purchase commitments and manage costs effectively. Additionally, governmental and policy changes may continue to result in new or increased tariffs on imported components. Our ability to mitigate these cost increases may be limited by the lack of alternative suppliers from unaffected countries or domestic suppliers with production capabilities to meet our requirements. Such disruptions or increase in costs could have a material adverse impact on our business, including our ability to timely manufacture and distribute our products in a cost-effective manner and adversely affect our results of operations and financial condition.

In addition, we have identified certain of our suppliers, including certain suppliers we deem critical, as having poor financial health or being at risk of acquisition, liquidation or bankruptcy. Although we routinely review our suppliers' financial health and attempt to identify alternate suppliers where possible, the loss of any supplier, particularly a single- or limited-source supplier, or the disruption in the supply of components from our suppliers, has led and may in the future continue to lead to vehicle design changes, production delays, idle manufacturing facilities and potential loss of access to important technology and parts for producing, servicing and supporting our vehicles, any of which could result in negative publicity, damage to our brand and a material and adverse effect on our business, prospects, results of operations and financial condition. In addition, if our 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, which could have an additional adverse effect on our liquidity and financial condition.

***Changes in costs, changes of supply or shortage of materials, in particular for lithium-ion battery cells, could harm our business.***

As we scale commercial production of our vehicles or any future energy storage systems, we have experienced and may continue to experience increases in the cost of or a sustained interruption in the supply or shortage of materials. Any such increase, supply interruption or shortage could materially and adversely impact our business, results of operations, prospects and financial condition. For example, as we continue the development of AMP-1 and AMP-2, we have experienced increases in material and infrastructure equipment prices and cost of construction labor. In addition, we use various materials in our business, including aluminum, steel, magnets, lithium, nickel, copper, cobalt, neodymium, terbium, praseodymium and manganese, as well as lithium-ion battery cells and semiconductors from suppliers. The prices for these materials fluctuate, and their available supply may be unstable, depending on market conditions, trade policies, tariffs and export controls, inflationary pressure and global demand for these materials, including as a result of increased production of EVs, energy storage products by our competitors, increased demand for data centers and artificial intelligence applications, and the global supply chain crisis, and could adversely affect our business and results of operations. For instance, we are exposed to multiple risks relating to lithium-ion battery cells. These risks include:

- a change in the cost, or changes in the available supply, of materials, such as cobalt, used in lithium-ion battery cells;
- disruption in the supply of lithium-ion battery cells due to quality issues or recalls by manufacturers;
- our ability to manage our supply and inventory of lithium-ion battery cells; and
- fluctuations in the value of any foreign currencies, in which lithium-ion battery cells and related raw material purchases are or may be denominated against the U.S. dollar.

Our ability to manufacture our vehicles or any future energy storage systems will depend on the continued supply of battery cells for the battery packs used in our products. A growth in popularity of EVs without a significant expansion in battery cell production capacity could result in shortages which would result in increased materials costs to us, and would impact our expected manufacturing and delivery timelines, and adversely affect our business, prospects, financial condition, results of operations, and cash flows. We have limited flexibility in changing battery cell suppliers, and any disruption in the supply of battery cells from such suppliers could disrupt production of our vehicles until a different supplier is fully qualified. In addition, pursuant to the agreement we entered into in connection with the supply of lithium-ion battery cells, we have made certain non-cancelable long-term purchase commitments. If our production decreases significantly below our projections for any reason, we may not meet all of our purchase commitments. In cases where we are unable to fully utilize our purchase commitments, we have in the past and may continue to face fees, penalties, increased prices, contractual or other claims, excess inventory or inventory write-offs, and there could be a material adverse effect on our business, financial condition, and results of operations.

Furthermore, our ability to manufacture our vehicles depends on continued and reliable access to semiconductors and microchips that incorporate them. The global semiconductor supply shortage, including as a result of China's export controls over Nexperia's microchip products, has impacted the automotive industry and affected many suppliers and manufacturers, including us. In addition, increasing demand for data centers and artificial intelligence applications may continue to contribute to global supply constraints, shortages, increased costs and longer lead times for various electronic components, including memory, semiconductors and printed circuit boards. We have experienced, and may continue to experience, an impact on our operations as a result of such shortages, which could delay or reduce planned production levels of our current and future vehicles and have an adverse effect on our business, prospects and results of operations. Moreover, export controls, particularly those affecting components within our supply chain, such as China's restrictions on certain rare-earth minerals, has posed, and could continue to pose, risks to our production and distribution capabilities. In addition, foreign currency fluctuations, tariffs, shortages in petroleum or natural gas and other economic or political conditions have contributed to and may continue to result in significant increases in freight charges and raw material costs. These risks could be further magnified by geographical developments, global or regional conflicts or other geopolitical events, including the war in Ukraine, ongoing military operations in the Gulf region and the broader Middle East, the escalating hostilities affecting Saudi Arabia, and potential further escalation or broadening of such conflicts, which affects shipping routes both regionally and globally and in particular, shipment routes through the Strait of Hormuz, or the Bab el-Mandeb and Red Sea corridor, and have disrupted and may in the future disrupt the supply of materials critical in our manufacturing processes. Substantial increases in the prices for our raw materials or components would increase our operating costs and could reduce our margins if we cannot offset these increased costs. Any attempts to raise product prices in response to increased material costs could lead to reduced demand for our vehicles and materially and adversely affect our brand, image, business, results of operations, prospects and financial condition.

***We must develop complex software and technology systems, including in coordination with vendors and suppliers, in order to produce our EVs, and there can be no assurance such systems will be successfully developed.***

Our vehicles use a substantial amount of third-party and proprietary software and complex technological hardware to operate, some of which is still subject to further development and testing. The development and implementation of such advanced technologies is inherently complex and requires coordination with our vendors and suppliers in order to integrate such technology into our EVs and ensure it interoperates with other complex technology as designed and as expected.

We may fail to detect defects and errors that are subsequently revealed, and our control over the performance of third-party services and systems may be limited. As we continue to introduce new products, features, capabilities and software updates, the risk of product quality issues, software defects, component failures and other performance concerns may increase. Any defects or errors in, or which are attributed to, our technology, could result in, among other things:

- delayed production and delivery of our vehicles;
- delayed market acceptance of our vehicles;
- loss of customers or inability to attract new customers;
- product recalls or cancellation of orders;
- diversion of engineering or other resources for remedying the defect or error;
- damage to our brand or reputation;
- increased service and warranty costs;
- legal action by customers or third parties, including product liability claims; and
- penalties imposed by regulatory authorities.

Furthermore, information regarding quality concerns may be amplified through social media, traditional media and other public forums, which could exacerbate the reputational impact of the underlying quality issue. In addition, if we are unable to develop the software and technology systems necessary to operate our vehicles, it will harm our competitive position. We rely on third-party suppliers to develop a number of technologies for use in our products. 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, such technology may not satisfy the cost, performance, useful life and warranty characteristics we anticipate in our business plan, which could materially adversely affect our business, prospects and results of operations.

***If we fail to successfully construct or tool our manufacturing facilities or if our manufacturing facilities become inoperable, we will be unable to produce our vehicles and our business will be harmed.***

We have completed the initial and second phases of construction at AMP-1 and the second phase of AMP-2 is in progress. We also acquired select assets and assumed leases for certain facilities previously belonging to Nikola Corporation, including Nikola's former Coolidge manufacturing facility. However, tooling these facilities for production of our vehicles and our future expansion plans is complicated and presents significant challenges and may require us to take vehicle production offline. In addition, certain of our suppliers may be unable to complete tooling with respect to finalized components of our vehicles in the planned timeframe after we deliver final component specifications, which could adversely affect our ability to continue commercial production of our vehicles on the expected timing and at the quality levels we require. As with any large-scale capital project, these efforts could be subject to delays, cost overruns or other complications. In addition, we may encounter problems or disputes with our vendors for a variety of reasons, including for reasons beyond our control, and such disputes, with or without merit, could also cause significant delays and cost overruns. These risks could be increased because we are building our facilities from the ground up to support our EV production processes, which differ substantially from traditional automobile production processes for which expertise is more readily available. In connection with the production at AMP-1 and AMP-2, we have hired and trained and continue to hire, retain, and train a significant number of employees and integrate a yet-to-be-fully-developed supply chain. Any failure to continue production on schedule would lead to additional costs and would delay our ability to generate meaningful revenues. In addition, it could prevent us from gaining the confidence of potential customers, spur cancellations of orders and open the door to increased competition. All of the foregoing could hinder our ability to successfully launch and grow our business and achieve a competitive position in the market.

In addition, if any of our manufacturing facilities are not constructed in conformity with our requirements, repair or remediation may be required to support our planned phased manufacturing build-out and could require us to take vehicle production offline, delay implementation of our planned phased manufacturing build-out, or construct alternate facilities, which could materially limit our manufacturing capacity, delay planned increases in manufacturing volumes, delay the start of production of our future vehicles, or adversely affect our ability to timely sell and deliver our EVs to customers. Any repair or remediation efforts could also require us to bear substantial additional costs, including both the direct costs of such activities and potentially costly litigation or other legal proceedings related to any identified defect, and there can be no assurance that our insurance policies or other recoveries would be sufficient to cover all or any of such costs. Any of the foregoing consequences could have a material adverse effect on our business, prospects, results of operations and financial condition and could cause our results of operations to differ materially from our current expectations. Although we do not currently expect that we will be required to take vehicle production offline, any such repairs or remediation could entail significant costs, and we may be unable to recover some or all of such costs from the applicable contractor(s).

The construction of our facilities and our operations are also subject to review and inspection by officials in the jurisdictions where our facilities are located, including without limitation, fire officials and building construction officials. We have received in the past, and could in the future receive, results from inspections by local officials at our facilities, both existing and currently under construction, citing failing marks. When such results have arisen, we actively engaged with the local authorities to address all of the specific issues identified by those officials as well as to devise means and methods that help ensure a safe and compliant work environment. Any future results will be addressed in a similar manner. Failure to address issues raised by local authorities may result in government-ordered temporary cessation of our construction or production operations, which could require us to take vehicle production offline or reduce our planned manufacturing volumes, all of which could have a material adverse effect on our business, results of operations, cash flows, financial condition or prospects.

***We rely on complex machinery for our operations, and production involves a significant degree of risk and uncertainty in terms of operational performance, safety, security and costs.***

We utilize a number of new manufacturing technologies, techniques and processes for our vehicles, such as motor winding equipment, and we may utilize additional new technologies, techniques and processes in the future. Certain design features in our vehicles present additional manufacturing challenges, such as large display screens and ADAS hardware. There is no guarantee that we will be able to successfully and timely introduce and scale any such new processes or features.

We also rely heavily on complex machinery for our operations, and our production involves a significant degree of uncertainty and risk in terms of operational performance and costs. Our manufacturing plant employs large-scale, complex machinery combining many components, which may suffer unexpected malfunctions from time-to-time and will depend on repairs and spare parts that may not be available when needed. Furthermore, AMP-1 and AMP-2, and the equipment we use to manufacture our vehicles, could require substantial lead-time and will be costly to repair or replace and qualify for use.

Unexpected malfunctions of the manufacturing plant components may significantly decrease our operational efficiency, including by forcing manufacturing shutdowns in order to conduct repairs or troubleshoot manufacturing problems. Our facilities may also be harmed or rendered inoperable by natural or man-made disasters or events, including but not limited to earthquakes, tornadoes, flooding, fire, power outages, sandstorms, environmental hazards and remediation, costs associated with decommissioning of equipment, labor disputes and strikes, lack of availability of qualified construction or operational labor, difficulty or delays in obtaining governmental permits and licenses, damages or defects in electronic systems, industrial accidents, health epidemics, political changes or instability, wars, military actions, global or regional conflicts, or other geopolitical events, which may render it difficult or impossible for us to manufacture our vehicles for some period of time. The inability to produce our vehicles or the backlog that could develop if our manufacturing plant is inoperable for even a short period of time may result in the loss of customers or harm our reputation. Although we maintain insurance for damage to our property, this insurance may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms, if at all, based on insurance market conditions or our evolving risk profile. Should operational risks materialize, they may result in the personal injury to or death of our workers, the loss of production equipment, damage to manufacturing facilities, monetary losses, delays and unanticipated fluctuations in production, environmental damage, administrative fines, increased insurance costs and potential legal liabilities, all of which could have a material adverse effect on our business, results of operations, cash flows, financial condition or prospects.

***If we update or discontinue the use of our manufacturing equipment more quickly than expected, we may have to shorten the useful lives of this equipment, and the resulting acceleration in our depreciation could negatively affect our financial results.***

We have invested and expect to continue to invest significantly in what we believe is state-of-the-art tooling, machinery and other manufacturing equipment, and we depreciate the cost of such equipment over their expected useful lives. However, manufacturing technology may evolve rapidly, and we may decide to update our manufacturing processes more quickly than expected. Moreover, as we ramp the commercial production of our vehicles, our experience may cause us to 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 could be negatively impacted.

***We have limited experience in high volume manufacture of our vehicles.***

We cannot provide any assurance as to whether we will be able to develop and implement efficient, automated, low-cost logistics and production capabilities and processes and reliable sources of component supply 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 and ramp up production of our vehicles. Even if we are successful in developing our high volume production capability and processes and reliably source our component supply, no assurance can be given as to whether we will be able to do so in a manner that avoids significant delays and cost overruns, including as a result of factors beyond our control such as problems with suppliers and vendors, political changes or instability, wars, military actions, global or regional conflicts or other geopolitical events or force majeure events, or in time to meet our commercialization schedules, or to store and deliver parts in sufficient quantities to the manufacturing lines in a manner that enables us to maintain our production ramp curve and rates, satisfy the requirements of customers and potential customers or fully utilize our purchase commitments with suppliers. For example, the conflicts in the Middle East have resulted in shipping delays and increased shipping costs globally. Any failure to develop, implement and maintain such logistics, production, quality control, and inventory management processes and capabilities within our projected costs and timelines could have a material adverse effect on our business, results of operations, prospects and financial condition. Moreover, we have experienced logistics challenges as we continue to refine our manufacturing, logistics and inventory management processes, and efforts to implement or improve such processes may cause halts or delays in production and result in additional costs. Bottlenecks and other unexpected challenges have and may continue to arise as we continue commercial production of our vehicles, and it will be important that we address them promptly while continuing to control our logistics and manufacturing costs. If we are not successful in doing so, or if we experience issues with our logistics and manufacturing process improvements, we could face further delays in establishing and sustaining our production ramps or be unable to meet our related cost and profitability targets.

***If our vehicles fail to perform as expected, our ability to develop, market and sell or lease our products could be harmed.***

Our vehicles or the components installed therein have in the past and may in the future contain defects in design or manufacture, including components designed or manufactured by suppliers, that may cause them not to perform as expected or that may require repairs, recalls, or design changes, any of which would require significant financial and other resources to successfully navigate and resolve. Our vehicles use a substantial amount of software code to operate, and software products are inherently complex and may contain defects and errors. Our vehicles have encountered a significant number of software issues and may continue to do so in the future. If our vehicles contain defects in design or manufacture that cause them not to perform as expected or that require repair, or if certain features of our vehicles take longer than expected to become available, are legally restricted or become subject to additional regulations, our ability to develop, market and sell our products and services could be adversely affected. In addition, our OTA software updates may fail to achieve their intended repair and performance goals, expose our customers' vehicles to vulnerabilities, or have unintended consequences, and may require our customers to bring their vehicles to our service centers.

Any defects, delays or legal restrictions on vehicle features, failed OTA software updates, or other failure of our vehicles to perform as expected, could harm our brand and reputation and result in delivery delays, product recalls, order cancellations, reduced customer demand, product liability claims, breach of warranty claims or significant warranty and other expenses, and could have a material adverse impact on our business, results of operations, prospects and financial condition. Any such defects or noncompliance with legal requirements could also result in safety recalls. See "— Risks Related to Litigation and Regulation — *We have in the past and may choose in the future, or we may be compelled, to undertake product recalls or take other actions, which could adversely affect our business, prospects, results of operations, reputation and financial condition."* As we build customer relationships and earn trust, these effects could be significantly detrimental to us. Furthermore, information regarding quality concerns may be amplified through social media, traditional media and other public forums, which could exacerbate the reputational impact of the underlying quality issue. Additionally, problems and defects experienced by other consumer EVs could by association have a negative impact on perception and customer demand for our vehicles.

In addition, even if our vehicles function as designed, we expect that the battery efficiency, and hence the range, of our EVs, like other EVs that use current battery technology, will decline over time. Other factors, such as usage, time and stress patterns, may also impact the battery's ability to hold a charge, or could require us to limit vehicles' battery charging capacity, including via OTA or other software updates, for safety reasons or to protect battery capacity, which could further decrease our vehicles' range between charges. Such decreases in or limitations of battery capacity and therefore range, whether imposed by deterioration, software limitations or otherwise, could also lead to consumer complaints or warranty claims, including claims that prior knowledge of such decreases or limitations would have affected consumers' purchasing decisions. Further, there can be no assurance that we will be able to improve the performance of our battery packs, or increase our vehicles' range, in the future. Any such battery deterioration or capacity limitations and related decreases in range may negatively influence potential customers' willingness to purchase our vehicles and negatively impact our brand and reputation, which could adversely affect our business, prospects, results of operations and financial condition.

***There is a limited pool of service professionals with experience servicing our vehicles and their integrated software. If we or our partners are unable to adequately service our vehicles, our business, prospects, financial condition and results of operations may be materially and adversely affected.***

Servicing software-defined vehicles and EVs is different than servicing traditional vehicles and vehicles with internal combustion engines. Servicing software-defined vehicles and EVs requires specialized skills, including an understanding of software, high voltage training, and advanced servicing techniques. Many automobile technicians have limited experience servicing or repairing our vehicles and their components and integrated software. This may limit our ability to maintain adequate technician and service professional staffing. Additionally, our service network has limited capabilities to address software-related issues. We may partner with certain third parties to perform some of the service on our vehicles, but there can be no assurance that we will be able to enter into acceptable arrangements, if any, with any such third-party providers or develop and implement the necessary information technology infrastructure to support them. Further, although such servicing partners may have experience in servicing other EVs, they will initially have limited experience in servicing our vehicles. We also have a limited network of locations to perform service and may also rely upon mobile service vans with Lucid technicians to provide service to customers. There can be no assurance that our service arrangements will adequately address the service requirements of our customers to their satisfaction, or that we and our servicing partners will have sufficient resources, experience or inventory to meet these service requirements in a timely manner as the volume of vehicles we deliver increases. This risk is enhanced by our limited operating history and our limited data regarding our vehicles' real-world reliability and service requirements. In addition, if we are unable to roll out and establish a widespread service network that provides satisfactory customer service, our customer loyalty, brand and reputation could be adversely affected, which in turn could materially and adversely affect our sales, results of operations, prospects and financial condition.

Further, the motor vehicle industry laws in some states require that service facilities be available to service vehicles physically sold from locations in the state, and we may be unable to scale our service operations as we sell more vehicles in such locations. In addition, the motor vehicle franchise laws in some states may preclude us from providing direct warranty service to consumers in that state. While we anticipate developing a service program that would satisfy regulatory requirements in these circumstances, the specifics of our service program are still being refined, and at some point may need to be restructured to comply with state law, which may impact our business, financial condition, results of operations and prospects.

Our customers also depend on our customer support team to resolve technical and operational issues relating to the integrated software underlying our vehicles, a large portion of which we have developed in-house. As we grow, additional pressure may be placed on our customer support team or partners, and we may be unable to respond quickly enough to accommodate short-term increases in customer demand for technical support or service. We also may be unable to modify the future scope and delivery of our technical support to compete with changes in the technical support provided by our competitors. Increased customer demand for support, without corresponding revenue, could increase costs and negatively affect our results of operations. If we are unable to successfully address the service requirements of our customers, or if we establish a market perception that we do not provide high-quality support, our brand and reputation could be adversely affected, and we may be subject to claims from our customers, which could result in loss of revenue or damages, and our business, results of operations, prospects and financial condition could be materially and adversely affected.

***Insufficient reserves to cover future warranty or part replacement needs or other vehicle repair requirements, including any potential software upgrades, could materially adversely affect our business, prospects, financial condition and results of operations.***

We provide a new vehicle limited warranty on all new vehicles and a genuine spare parts and accessories limited warranty on Lucid genuine spare parts and accessories we sell. We maintain warranty reserves to cover part replacement and other vehicle repair needs performed under warranty. In addition, we expect to provide a manufacturer's warranty on future products we sell and may provide additional warranties on installation workmanship or performance guarantees. Warranty reserves include our management team's best estimate of the projected costs to repair or to replace items under warranty. Such estimates are inherently uncertain, particularly in light of our limited operating history and the limited field data available to us, and changes to such estimates based on real-world observations may cause material changes to our warranty reserves in the future. If our reserves are inadequate to cover future maintenance requirements on our vehicles, this could materially and adversely affect our business, prospects, financial condition and results of operations. We may become subject to significant and unexpected expenses as well as claims from our customers, including loss of revenue or damages. There can be no assurances that then-existing reserves will be sufficient to cover all claims. In addition, future laws or regulations may impose additional warranty obligations on us that go beyond our manufacturer's warranty, which may expose us to materially higher warranty, parts replacement and repair expenses than we expect, and our reserves may be insufficient to cover such expenses.

***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 appropriately budget for our expenses, and we 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 vehicles to our prospective customers. Currently, there is limited historical basis for making judgments about the demand for our vehicles or our ability to develop, manufacture, and deliver vehicles, or our profitability in the future. Furthermore, unexpected factors beyond our control, including prolonged or recurring geopolitical disruptions, could limit our ability to accurately forecast demand, which may adversely affect our ability to project supplier purchase commitments and manage costs effectively. If we overestimate our requirements, our suppliers may have excess inventory, which has in the past and may continue to indirectly increase our costs. If we underestimate our requirements, our suppliers may have inadequate inventory, which could interrupt 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 or fail to establish the delivery processes and infrastructure to make deliveries, the delivery of vehicles to our customers could be delayed, which would harm our business, financial condition and results of operations. Moreover, reductions in our production volumes have adversely affected, and could continue to adversely affect, our relationships with suppliers, who may seek to increase pricing, assert contractual or other claims, or otherwise fail to perform or comply with contractual obligations. We currently have, and may in the future have, supplier contractual claims, which would adversely affect our ability to obtain services and components from such suppliers. In addition, if we are unable to establish or maintain confidence among suppliers with respect to our liquidity and long-term business prospects, we may lose our relationships or contracts with such suppliers. Any such action has resulted, and may in the future result in supply disruptions, increased costs, or disputes, which could materially and adversely affect our business, financial condition, and results of operations. Tariffs announced by the U.S. and resulting retaliatory tariffs and other trade barriers, including China's changes to its export controls for rare-earth minerals and semiconductor-related products have had and may continue to have, an adverse impact on our ability to predict our manufacturing requirements, costs and production, and our ability to receive raw materials and components.

***Our facilities or operations could be adversely affected by events outside of our control, such as natural disasters, wars, military actions, global or regional conflicts or other geopolitical events, health epidemics or pandemics, or security incidents.***

We and our suppliers may be impacted by weather events, natural disasters, wars, military actions, global or regional conflicts or other geopolitical events, health epidemics or pandemics, security incidents or other events outside of our control. For example, our corporate headquarters are located in seismically active regions in Northern California, and our manufacturing facilities in Arizona and Saudi Arabia are located in sandstorm-, flood-, or tornado-prone areas. If major disasters such as earthquakes, wildfires, floods, tornadoes or other events occur, or our information technology systems or communication networks break down or operate improperly, our headquarters and manufacturing facilities may be seriously damaged, or we may have to stop or delay production and shipment of our products. Furthermore, we could be impacted by physical security incidents at our facilities, which could result in significant damage to such facilities that could require us to delay or discontinue production of our vehicles. In addition, we have established a foreign trade zone with respect to certain of our facilities in Casa Grande, Arizona. To the extent any such physical security incidents are determined to result from insufficient security measures, we could face the risk of loss of our foreign trade zone approval, as well as financial penalties or fines, which could increase the cost of our duties and tariffs. See "— Risks Related to Litigation and Regulation — *A failure to properly comply with foreign trade zone laws and regulations could increase the cost of our duties and tariffs.*" In addition, global or regional conflicts or other geopolitical events, including ongoing military operations in the Gulf region and the broader Middle East, as well as escalating hostilities affecting Saudi Arabia, have increased, and may continue to increase, the likelihood of supply chain interruptions and may impair our ability to compete in current or future markets, or otherwise subject us to potential liability. See "—Risks Related to Manufacturing and Supply Chain — *if we fail to successfully tool our manufacturing facilities or if our manufacturing facilities become inoperable, we will be unable to produce our vehicles and our business will be harmed."* and "— Risks Related to Litigation and Regulation — *Changes in U.S. trade policy, including the imposition of or uncertainties surrounding tariffs or revocation of normal trade relations and the resulting consequences, could adversely affect our business, prospects, results of operations and financial condition*." We may incur significant expenses or delays relating to such events outside of our control, which could have a material adverse impact on our business, results of operations and financial condition.

***Our vehicles make use of lithium-ion battery cells, which, if not appropriately managed and controlled, have been observed to catch fire or vent smoke and flame.***

The battery packs within our vehicles use, and any future energy storage systems may 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 we have designed our battery packs to passively contain a single cell's release of energy without spreading to neighboring cells, a field or testing failure of our vehicles or other battery packs that we produce could occur. In addition, although we equip our vehicles with systems designed to detect and warn vehicle occupants of such thermal events, there can be no assurance that such systems will function as designed or will provide vehicle occupants with sufficient, or any, warning in all crashes. Any such events or failures of our vehicles, battery packs or warning systems could subject us to lawsuits, product recalls, order cancellations, or redesign efforts, all of which would be time consuming and expensive. Also, negative public perceptions regarding the suitability of lithium-ion battery cells for automotive applications, disposal and recycling of lithium-ion battery cells, or any future incident involving lithium-ion battery cells, such as a vehicle or other fire, even if such incident does not involve our vehicles, could seriously harm our business and reputation.

In addition, as we expand our service network, increase our recycling practices and scale the manufacturing of our vehicles and any future energy storage products, we will need to store lithium-ion battery cells at our facilities and we have experienced, and may in the future experience, thermal events. Any mishandling of battery cells or safety issue or fire related to the cells could disrupt our operations. Such damage or injury could also lead to adverse publicity and potentially a safety recall. In addition, the transportation and effective storage of lithium-ion batteries is also tightly regulated by the U.S. Department of Transportation and other regulatory bodies, and any failure to comply with such regulation could result in fines, loss of permits and licenses or other regulatory consequences, which could limit our ability to manufacture and deliver our vehicles and negatively affect our results of operations and financial condition. Moreover, any failure of a competitor's EV or energy storage product may cause indirect adverse publicity for us and our products. Such adverse publicity could negatively affect our brand and harm our business, prospects, results of operations and financial condition.

**Risks Related to Cybersecurity, Data Privacy, and AI-enabled Technologies**

***Any unauthorized access, control, manipulation, interruption or compromise to our products or information technology systems, networks, or data could result in loss of confidence in us and our products, harm our business and materially adversely affect our financial performance, results of operations or prospects.***

Our products, services and operations rely on complex information technology systems, software-driven features, and digital infrastructure, including connected vehicle systems, cloud-based platforms, and third-party networks. For example, our vehicles are designed with built-in data connectivity to accept and install periodic cloud-based (over the internet) updates to add new or enhanced functionality.

We collect, use, store, transmit and otherwise process data from vehicles, customers, employees and other third parties as part of our business operations, some of which includes personal, sensitive, confidential or proprietary information. We also work with third-party service providers and vendors to support these systems and to collect, store, and process such data and information on our behalf.

We increasingly rely on advanced data analytics, software-driven features, and, in certain areas of our business, artificial intelligence or machine learning-enabled technologies (collectively, "AI-enabled technologies") to provide and support vehicle functionality, diagnostics, customer engagement, operational decision-making, and other business processes. The use of such technologies may increase our exposure to cybersecurity, data protection, regulatory, and operational risks, including risks related to data quality, system performance, model limitations, unintended outputs, intellectual property violations or misuse of data. If these technologies fail to operate as intended, are compromised, or are perceived to produce inaccurate, biased, or otherwise problematic outcomes, our business, reputation, and results of operations could be adversely affected.

We have taken measures designed to prevent unauthorized access, control, manipulation, interruption or compromise to our information technology systems, networks or data (including personal data) and plan to identify additional measures as we grow. Our cybersecurity risk management processes, controls and program require ongoing development, enhancement and refinement to address evolving threats, technologies and business operations, including threat actors employing artificial intelligence applications in their attacks. While we continue to invest in and strengthen our cybersecurity capabilities, these processes and controls may not be effective in all circumstances to identify, prevent, detect, respond to or mitigate every cybersecurity, privacy or data-related risk. In addition, reductions in headcount or other resource constraints could impact our ability to implement, operate, maintain or enhance our cybersecurity program as effectively as needed and intended.

Such measures may not be effective, particularly as our products, services, data practices, and reliance on third-party and AI-enabled technologies continue to evolve. As a result, we may be unable to anticipate, prevent, or mitigate cybersecurity, privacy, and data-related risks. Our third-party service providers and vendors also take steps designed to protect the security and integrity of information technology systems, networks or data. However, there can be no assurance that such systems and networks will not be compromised, including as a result of cyberattacks, system vulnerabilities, software bugs, technical malfunctions, human errors, or intentional misconduct by employees, contractors, vendors, or other third parties.

Cyber threat actors may attempt to gain unauthorized access to, modify, alter or use our vehicles, products, systems and networks to: (i) gain control of, (ii) change the functionality, user interface or performance characteristics of or (iii) gain access to data stored in or generated by, our vehicles, products, systems and networks. Advances in technology, such as AI-enabled technologies, new vulnerability discoveries, an increased level of sophistication and diversity of our products and services, an increased level of expertise of cyber threat actors and new discoveries in the field of cryptography could lead to a compromise or breach of the measures that we or our third-party service providers use. Some of our products and information technology systems contain or use open-source software, which can create additional risks, including potential security vulnerabilities. Increasing use of such products and services in our vehicles, including with our partnerships with Nuro and Uber for AV capabilities, and AI frontier model generative AI providers of large language models ("LLMs") heightens the risk and severity of a cybersecurity breach of our or our third-party partners' systems. We and our third-party service providers' systems have in the past and may in the future be affected by security incidents. For instance, in August 2026, we identified a potential compromise involving a third-party supplier. This incident, and any similar incident involving a third-party provider, could expose our data or systems to unauthorized access, use, disclosure, disruption, modification or destruction, even where the affected systems are not directly operated or controlled by us.

Our systems and networks are also vulnerable to damage or interruption from, among other things, software bugs, server malfunctions, software or hardware failure, computer viruses, malware, ransomware, killware, wiperware, computer denial or degradation of service attacks, telecommunications failures, social engineering schemes (such as vishing, phishing or smishing), prompt injection, domain name spoofing, insider theft, physical theft, fire, terrorist attacks, natural disasters, power loss, war, misuse, mistake, fraud, misconduct or other events, actions, or inactions that may harm our vehicles, products, systems and networks. Our data center and our third-party service providers' or vendors' data centers or our facilities could be subject to break-ins, sabotage and intentional acts of vandalism causing potential disruptions, unauthorized access, control, manipulation, interruption or compromise to our products, technology systems, networks or data. We implement measures designed to prevent or mitigate identified high-risk exposures and vulnerabilities, and we endeavor to maintain layered security practices designed to prevent or reduce the likelihood of a cybersecurity incident.

Some of our systems are not redundant, meaning the data may not be backed up in the event of damage at its primary data storage facility. Our disaster recovery planning cannot account for all eventualities, so there may be an incident that we are not prepared for. Any problems at our or our third-party service providers' or vendors' data centers or cloud infrastructure could result in lengthy interruptions in our service and our business operations. There can be no assurance that any security or other operational measures that we or our third-party service providers or vendors have implemented will be effective against any threats or possible harms.

These risks have been heightened in connection with ongoing global or regional conflicts and other geopolitical events and we cannot be certain how this new risk landscape will impact our operations. When geopolitical conflicts develop, government systems as well as critical infrastructures such as financial services and utilities may be targeted by state-sponsored cyberattacks even if they are not directly involved in the conflict. There can be no assurance that our business will not become a potential target as adversaries may attack networks and systems indiscriminately. Such cyberattacks may potentially cause unauthorized access to our personal, sensitive, confidential or proprietary data (including our proprietary software code), products, technology systems, or networks, which could result in a data breach, or its disruption, modification or destruction. As a result, we may suffer monetary losses, business interruption, and long-lasting operational issues, damage to our reputation and brand or loss of our intellectual property (including trade secrets).

If we are unable to protect our personal, sensitive, confidential or proprietary data (including our proprietary software code), products, technology systems and networks from unauthorized access, use, disclosure, disruption, modification, destruction or other breach, such threats or security incidents could have negative consequences for our business and future prospects, including compromise of vehicle integrity and physical safety, monetary losses, liabilities under our contracts or to the owners of the applicable data, subjecting us to substantial fines, penalties, damages and other liabilities under applicable laws and regulations, incurring substantial costs to respond to, investigate and remedy such incidents, reducing customer demand for our products, harming our reputation and brand and compromising or leading to a loss of protection of our intellectual property (including trade secrets). Irrespective of a complaint's veracity, the mere mention (in headlines or elsewhere) of unauthorized access to our vehicles, products, technology systems, networks, and data may alone result in negative consumer sentiment when faced with the reality that all connected products (including our vehicles), systems and networks are vulnerable to being "hacked".

The volume of our current and planned vehicle production necessitates continued development, implementation, maintenance, improvement, and expansion of our information technology and communication systems and networks in the U.S. and abroad, such as systems and networks for product data management, vehicle management tools, vehicle security systems, vehicle security management processes, procurement of bill of material items, supply chain management, inventory management, production planning and execution, lean manufacturing, sales, service and logistics, dealer management and financial, and tax and regulatory compliance. Our ability to operate our business will depend on the availability and effectiveness of these systems and networks that are not entirely in our control and could be impacted by system outages or similar events. The development, implementation, maintenance, improvement and expansion of these systems and networks require significant management time, support and cost.

There are inherent risks associated with developing, implementing, maintaining, improving, and expanding our core systems and networks. For example, implementing new systems and networks could lead to the disruption of our data management, procurement, manufacturing execution, finance, supply chain, inventory management, and sales and service processes. These systems and networks or their required functionality may not be effectively and timely developed, implemented, maintained, improved, or expanded, which means our operations may be disrupted, our ability to accurately or timely report our financial results could be impaired, and deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results. If these systems and networks or their required functionality does not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources to perform these functions. Any of the foregoing could materially adversely affect our business, prospects, results of operations and financial condition.

Our vehicles depend on the ability of software and hardware to store, retrieve, process and manage immense amounts of data. Our software and hardware, including any OTA or other updates, may contain errors, bugs, design defects or other vulnerabilities, and our systems may be subject to technical limitations that may compromise our ability to meet our objectives. Some errors, bugs, design defects or other vulnerabilities may reside in third-party intellectual property or open-source software and may only be discovered after our compiled code has been released. We have processes designed to remedy issues we observe in our vehicles in a timely manner, including issuing patches for zero-day vulnerabilities and deploying OTA updates designed to resolve errors, bugs, design defects or other vulnerabilities in our vehicle software. However, such efforts may not be timely, may hamper production or may not be to the satisfaction of our customers. Additionally, if we deploy software updates to address any issues and our OTA update procedures fail, our customers will need to work with our service personnel to install these updates, and their vehicle will remain vulnerable until installation of the updates. Any compromise of our personal, sensitive, confidential or proprietary data (including our proprietary software code), products, technology systems or networks or ineffective fix for errors, bugs, design defects or other vulnerabilities may cause us to suffer lengthy interruptions to our ability to operate our business and our customers' ability to operate their vehicles, compromise of vehicle integrity and physical safety, damage to our reputation, loss of customers, loss of revenue, governmental fines, investigations or litigation or liability for damages, any of which could materially adversely affect our business, prospects, results of operations and financial condition.

We may not have adequate insurance coverage, if any, to cover losses associated with any of the foregoing. The costs of investing and remediating an alleged substantial data breach, or the successful assertion of one or more alleged substantial claims against us that exceeds our available insurance coverage, or results in changes to our insurance policies (including premium increases, imposition of significant deductibles, exclusions or co-insurance requirements), could have an adverse effect on our business. In addition, we cannot be certain that our existing insurance coverage will continue to be available on acceptable terms or at all or that our insurers will not deny coverage of any claim.

***We are subject to evolving laws, regulations, standards, policies, and contractual obligations related to data privacy, cybersecurity, and AI-enabled technologies, and any actual or perceived failure to comply with such obligations could harm our reputation and brand, subject us to significant fines and liability, or otherwise adversely affect our business.***

In the course of our operations, we collect, use, store, transmit, and otherwise process data from our vehicles, customers, employees and third parties as part of our business operations, some of which includes personal, sensitive, confidential or proprietary data such as names, accounts, driver license information, user IDs and passwords, and payment or transaction-related information. Additionally, we use our vehicles' electronic systems to log information about each vehicle's use, such as charge time, battery usage, geolocation, mileage and driving behavior, to among other purposes, aid us in vehicle diagnostics, repair and maintenance, as well as to build and provide features designed to customize and improve the driving and riding experience.

Accordingly, we are subject to or affected by a number of federal, state, local and international laws and regulations, as well as contractual obligations and industry standards, that impose certain obligations and restrictions with respect to data privacy and cybersecurity. These laws, regulations, and standards govern our collection, use, storage, transmission, and other processing of personal data including that of our employees, customers and other third parties with whom we conduct business. We operate in a rapidly evolving regulatory environment with respect to cybersecurity, data protection, privacy, and artificial intelligence, including under U.S. federal and state laws, international regulations, and emerging AI-specific frameworks. Compliance with these requirements may restrict our ability to collect, use, store, transmit, or otherwise process data; require changes to our products, services, or business practices; increase operational complexity; and require significant management attention and financial resources. Our failure, or perceived failure, to comply with such applicable requirements could result in regulatory investigations, enforcement actions, fines, penalties, litigation, reputational harm, loss of business or other adverse consequences.

These laws, regulations and standards may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they could be interpreted and applied in ways that may have a material and adverse impact on our business, financial condition and results of operations. As we expand our global footprint, our risk profile changes, and we will need to manage against the varied applicable data protection laws, regulations, and standards in the context of the new jurisdictions, business models and market strategies. The global data protection landscape is rapidly evolving, and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future. We may not be able to monitor and react to all developments in a timely manner. For example, at the international level, the European Union ("EU") adopted the General Data Protection Regulation ("GDPR"), which became effective in May 2018, as well as the European Data Act, the EU Artificial Intelligence Act (the "AI Act"), and the Cyber Resilience Act in 2024. Canada adopted and continued to amend the Personal Information Protection and Electronic Documents Act ("PIPEDA") in addition to applicable provincial laws. The United Arab Emirates adopted the Data Protection Law ("DPL"), which became effective in January 2022. Saudi Arabia enacted the Personal Data Protection Law ("PDPL") which came into effect in September 2023. Similarly, China's Data Security Law ("DSL") and Personal Information Protection Law ("PIPL") have been effective since 2021. Additionally, we are also subject to the data privacy laws of the UK, including the UK General Data Protection Regulation ("UK GDPR"). Each of these regulations impose additional obligations on companies regarding the handling of personal data and provide certain individual privacy rights to persons whose data is collected. Compliance with existing, proposed and recently enacted laws and regulations (including implementation of the privacy and process enhancements called for under applicable laws and regulations) can be costly, and any failure to comply with these regulatory standards could subject us to legal, financial, and reputational risks.

For example, failure to comply with the GDPR can result in significant fines and other liability, including fines of up to EUR 20 million or four percent (4%) of global revenue, whichever is greater. European data protection authorities have already imposed fines for GDPR violations up to, in some cases, over one billion Euros. The cost of compliance, and the potential for fines and penalties for non-compliance, with the GDPR may have a significant adverse effect on our business and operations. Legal developments in the European Economic Area ("EEA"), including rulings from the Court of Justice of the European Union and from various EU member state data protection authorities, have also created complexity and uncertainty regarding transfers of personal data from the EEA to the U.S. and other countries outside the EEA. While we have taken steps designed to mitigate the impact on us, the efficacy and longevity of these mechanisms remain uncertain. Additionally, we continue to monitor our compliance obligations with a final rule adopted by the U.S. Department of Justice, which prohibits and restricts certain covered data transactions that result in the transfer or access to bulk U.S. sensitive personal data by countries of concern or covered persons, effective April 8, 2025, as well as a final rule adopted by the Bureau of Industry and Security that prohibits specific transactions involving the import or sale of connected vehicles and certain hardware and software with a sufficient nexus to China or Russia, applicable to vehicles from model year 2027. These regulations may impact our potential future business operations in China.

At the U.S. federal level, we are subject to, among other laws and regulations, the rules and regulations promulgated under the authority of the Federal Trade Commission (which has the authority to regulate and enforce against unfair or deceptive acts or practices in or affecting commerce, including with respect to data privacy and cybersecurity) ("FTC") and the Gramm Leach Bliley Act (which regulates the confidentiality and security of customer information obtained by financial institutions, including non-banking financial institutions such as mortgage brokers, motor vehicle dealers, and payday lenders). Our financial services program, for example, will be subject to, among other applicable laws and regulations, the Safeguards Rule, as recently amended by the FTC (the "FTC Safeguards Rule"), which, among other things, requires non-banking financial institutions to design and implement safeguards to protect customer information, and the financial data collected as part of the financial services program consequently requires additional security and administrative controls. Additionally, there has been increasing regulatory scrutiny from the SEC with respect to adequately disclosing risks concerning cybersecurity and data privacy, which increases the risk of investigations into the cybersecurity and data privacy practices, and related disclosures, of companies within its jurisdiction, which at a minimum can result in distraction of management and significant diversion of resources. SEC cybersecurity disclosure rules (the "SEC Cybersecurity Disclosure Rules") for public companies require disclosure regarding cybersecurity risk management (including the corporate board's role in overseeing cybersecurity risks, management's role and expertise in assessing and managing cybersecurity risks, and processes for assessing, identifying and managing cybersecurity risks) in annual reports.

At the U.S. state level, we are subject to laws and regulations such as the California Consumer Privacy Act of 2018 (as amended by the California Privacy Rights Act of 2020, collectively, the "CCPA"). The CCPA establishes a privacy framework for covered businesses, such as our business, including an expansive definition of personal information and data privacy rights for California residents, and expanded rights with respect to certain sensitive personal information such as precise geolocation data, which we process in certain instances. We are required to provide California residents with certain privacy-related disclosures and rights related to their personal information. The CCPA includes potentially severe statutory damages for violations and a private right of action for certain data breaches. As we expand our operations, the CCPA may continue to increase our compliance costs and potential liability. The California Privacy Rights Act also established a state agency, the California Privacy Protection Agency, vested with the authority to implement and enforce the CCPA. A number of other U.S. states have enacted or are in the process of enacting, or considering similar laws. Compliance with these state laws, other similar state or federal laws that may be enacted in the future, and other applicable data privacy and cybersecurity laws and regulations is a rigorous and time-intensive process. As laws, regulations, and standards further develop, we may be required to put in place additional mechanisms designed to comply with them, which could cause us to incur substantial costs or require us to change our business practices, including our data practices, in a manner that adversely affects our financial performance.

We post public privacy notices and other documentation regarding our collection, use, storage, transmission, and other processing of personal data. Although we endeavor to comply with our published notices and other documentation, we may at times fail to do so or may be perceived to have failed to do so. Moreover, despite our efforts designed to meet such obligations, we may not be successful in achieving compliance if our employees, contractors, service providers, vendors or other third parties fail to comply with our published policies and documentation. Such failures could carry similar consequences and subject us to potential local, state, federal, and international action if our published privacy notices and documentation are found to be deceptive, unfair or misrepresentative of our actual practices. Claims that we have allegedly violated individuals' privacy rights or failed to comply with applicable privacy notices or applicable data privacy laws, regulations, standards, policies, or contractual obligations could, even if we are not found liable, be extremely expensive and time-consuming to defend and could result in adverse publicity that could harm our business.

Most jurisdictions have enacted laws requiring companies to notify individuals, regulatory authorities and other third parties of security breaches involving certain types of data. For example, laws in all 50 U.S. states generally require businesses to provide notice under certain circumstances to consumers whose personal information has been disclosed as a result of a breach. Such laws may be inconsistent with one another, may change, or additional laws may be adopted. In addition, our agreements with certain customers may require us to notify them in the event of a security breach. Furthermore, the SEC Cybersecurity Disclosure Rules require the disclosure of material cybersecurity incidents in a Form 8-K, generally within four business days of determining an incident is material. Additionally, upon discovery of an incident in which the unencrypted customer information of at least 500 consumers is acquired without authorization, the FTC Safeguards Rule requires notifying the FTC as soon as possible, and no later than 30 days after discovery of such incident. Such mandatory disclosures are costly, could lead to negative publicity, penalties or fines, litigation and our customers losing confidence in the effectiveness of our security measures and could require us to expend significant capital and other resources to respond to or alleviate problems caused by the actual or perceived security breach.

We are also impacted by regulations that obligate us to share vehicle repair-related information such as vehicle telemetry data, which may include sensitive data like precise geo-location information, with third parties, including repair shops and repair tool hardware developers, under what are commonly called "right-to-repair" laws. Other U.S. state, federal, and foreign jurisdictions are exploring expanding these right-to-repair obligations, which may result in additional risk due to an increased number of third parties processing data. Furthermore, some agencies within the U.S. federal government, including certain members of Congress and the NHTSA, have increasingly directed their focus to automotive cybersecurity issues and connected vehicle data, which could lead to additional automotive cybersecurity and connected vehicle regulations. In addition, the United Nations Economic Commission for Europe ("UNECE") has introduced regulations governing connected vehicle cybersecurity in the EU which are mandatory for all new vehicle types from July 2022 and all new vehicles produced from July 2024. Similar regulations are also in effect, or expected to come into effect, in certain other international jurisdictions. These and other regulations could adversely affect our business in European or other markets, and if such regulations or other future regulations are inconsistent with our approach to automotive cybersecurity and connected vehicle data, we would be required to modify our systems to comply with such regulations, which would impose additional costs and introduce delays and could expose us to potential liability to the extent our automotive cybersecurity systems and connected vehicle data practices are inconsistent with such regulations.

New products, services and business lines may face scrutiny from regulators as well. Any changes in laws, rules or regulations regulating AI-enabled technologies could require us to expend significant resources in an effort to modify our products, services, or operations to facilitate compliance or remain competitive. As our engagement with AI-enabled technologies increases, we may be impacted by emerging artificial intelligence rules, regulations, and frameworks globally, including the AI Act and the EU Product Liability Directive (the "Directive"). This Directive extends the EU's existing strict product liability regime to AI-enabled technologies and facilitates civil claims in respect of alleged harm caused by artificial intelligence. This in combination with other nascent data privacy and cybersecurity laws and regulations, leads to a high degree of uncertainty as to their interpretation and application. If such laws and regulations are implemented, interpreted or applied in a manner inconsistent with our current or future practices or policies, or if we fail to comply with applicable laws or regulations, as well as contractual obligations, policies and industry standards, or to secure personal information, we could be subject to investigations, enforcement actions and other proceedings, which could result in substantial fines, damages, injunctions, orders to change our business practices, and other liability as well as damage to our reputation and credibility, which could have a negative impact on revenues and profits. Any of the foregoing could materially adversely affect our business, prospects, results of operations and financial condition.

**Risks Related to Our Employees and Human Resources**

***The loss of key employees or an inability to attract, retain and motivate qualified personnel, including executive leadership, may impair our ability to expand our business.***

Our success is substantially dependent upon the continued service and performance of our senior management team and workforce. Our employees, including our senior management team, are generally at-will employees, and therefore may terminate employment with us at any time with no advance notice. We have experienced, and may continue to experience, challenges in retaining key employees and attracting new employees, especially if we are unable to grant sufficient or competitive compensation, including equity awards and bonuses, or if the volatility of our stock price continues to increase, including as a result of market speculation of the long-term prospects of our business.

Our future success also depends, in part, on our ability to continue to attract and retain highly skilled personnel. We have faced and continue to face potent competition for highly skilled workers in the U.S., especially in California. As with any company with finite resources, there can be no guarantee that we will be able to attract such individuals or that the presence of such individuals will necessarily translate into our business success. Because we operate in an advanced technology and innovation sector, there may also be limited personnel available with relevant expertise or business experience, and such individuals may be subject to non-competition and other agreements that restrict their ability to work for us. This challenge may be amplified by our ongoing transition to full-scale, high-volume commercial vehicle manufacturing, where we continue to face competitors that may be more established, and therefore may have more predictable supply chains, more developed manufacturing capabilities and more brand recognition than we do. Any failure to attract and retain key employees may materially and adversely affect our business operations. Any failure by our management to effectively anticipate, implement and manage the changes required to sustain our growth would have a material adverse effect on our business, financial condition and results of operations.

In addition, any workforce reduction plan may also be distracting to employees and management and may negatively impact our ability to continue to attract and retain highly skilled personnel. We have in the past reduced the size of our workforce, and implemented workforce reduction plans and other actions relating to contractors in the first half of 2026, including the elimination of the second shift of production at our AMP-1 factory. Any such plan may adversely affect our business operations, reputation, or ability to serve customers.

We have undergone a number of executive leadership changes. Executive leadership and senior management transitions, reductions in workforce and employee turnover can be time consuming, difficult to manage, create instability, cause disruption to our business and result in the loss of institutional knowledge, and any of these outcomes could impede the execution of our day-to-day operations and our ability to fully implement our business and growth strategy. These impacts could also make it more difficult to attract and retain talent. The failure to successfully hire and retain key executives and employees or the further loss of any key executives, senior management and employees could adversely impact our business, financial condition, and results of operations.

***We will need to hire, retain, train, and manage a significant number of employees for our business operations, and our business could be adversely affected by labor and union activities.***

We will need to hire, retain, train, and manage a significant number of employees to engage in full capacity commercial manufacturing operations and for us to scale commercial production and sales and service operations. There are various risks and challenges associated with hiring, retaining, training and managing a large workforce, such as establishing and maintaining efficient communication channels, procedures and rules of conduct, hiring an adequate number of experienced manufacturing, supply chain management and logistics managerial personnel and creating and maintaining an effective company culture. Although the area surrounding our AMP-1 facility in Casa Grande, Arizona and the area surrounding our AMP-2 facility in KAEC are home to highly trained workforces with experience in engineering and manufacturing, these workforces may not have significant experience with EV manufacturing, and related processes such as inventory management, logistics and quality. Many jobs will require significant training and we may need to spend significant resources to ensure employees obtain and adhere to such training. Further, competition for employees in the Casa Grande, Arizona area has increased and may continue to increase in the future, which may impact the ability or cost to hire in the area; this same competition for talent may eventually intensify in KAEC as well. In addition, as we progress in developing our AMP-2 facility in Saudi Arabia, we will need to hire, retain, and train a significantly larger number of employees in the local region to fully support the facility's manufacturing operations. Any failure to comply with local labor laws and customs could have an adverse effect on our business or operations. If we are unsuccessful in hiring, retaining and training a workforce in a timely and cost-effective manner, our business, financial condition and results of operations could be adversely affected.

Furthermore, although none of our U.S. or international based employees is currently represented by a labor union that we are aware of at this time, 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. Workforce reductions, including the termination of employees or elimination of positions, may also increase the risk of employee dissatisfaction or unionization efforts. Some unions may attempt and have attempted to organize non-union automakers in the U.S., including us. Moreover, regulations in some jurisdictions outside of the U.S. mandate employee participation in industrial collective bargaining agreements, work councils, or similar activities with certain consultation rights with respect to the relevant companies' operations, or companies are required to apply collective bargaining agreements, implement works councils or similar bodies with certain consultation rights related to the activities of the companies involved. In the event our employees seek to join or form a labor union, we could be subject to risks as we engage in an attempt to address such organizing or to finalize negotiations with any such union, including potential work slowdowns or stoppages, delays, and increased costs. Furthermore, we may be directly or indirectly dependent upon companies with unionized workforces, such as parts suppliers, construction contractors, 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, ability to expand our facilities, or results of operations. If a work stoppage occurs, it could delay the manufacture and sale of our products and have a material adverse effect on our business, prospects, results of operations, or financial condition.

***Misconduct by our employees and independent contractors during and before their employment with us could expose us to potentially significant legal liabilities, reputational harm or other damages to our business.***

Many of our employees play critical roles in ensuring the safety and reliability of our vehicles or our compliance with relevant laws and regulations. Certain of our employees have access to sensitive information and proprietary technologies and know-how. While we have adopted codes of conduct for all of our employees and implemented detailed policies and procedures relating to intellectual property, proprietary information, and trade secrets, we cannot guarantee that our employees will always abide by these codes, policies, and procedures nor that the precautions we take to detect and prevent employee misconduct will always be effective. If any of our employees engage in any misconduct, illegal or suspicious activities, including but not limited to misappropriation or leakage of sensitive information, proprietary information, know-how or trade secrets, we and such employees could be subject to legal claims and liabilities and our reputation and business could be adversely affected as a result.

In addition, while we have screening procedures during the recruitment process, we cannot guarantee that we will be able to uncover misconduct of job applicants that occurred before we offered them employment, or that we will not be affected by legal proceedings against our existing or former employees as a result of their actual or alleged misconduct. Any negative publicity surrounding such cases, especially in the event that any of our employees is found to have committed any wrongdoing, could negatively affect our reputation and may have an adverse impact on our business.

Furthermore, we face the risk that our employees and independent contractors may engage in other types of misconduct or other illegal activity, such as intentional, reckless or negligent conduct that violates production standards, workplace health and safety regulations, fraud, abuse or consumer protection laws, other similar non-U.S. laws or laws that require the true, complete, and accurate reporting of financial information or data. It is not always possible to identify and deter misconduct by employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. In addition, we are subject to the risk that a person or government could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact, including, without limitation, the imposition of significant civil, criminal, and administrative penalties, damages, monetary fines, disgorgement, integrity oversight and reporting obligations to resolve allegations of non-compliance, imprisonment, other sanctions, contractual damages, reputational harm, diminished profits and future earnings and curtailment of our operations, any of which could adversely affect our business, prospects, financial condition and results of operations.

**Risks Related to Litigation and Regulation**

***Changes in U.S. trade policy, including the imposition of or uncertainties surrounding tariffs or revocation of normal trade relations and the resulting consequences, could adversely affect our business, prospects, results of operations and financial condition.***

The current U.S. administration has adopted an evolving approach to trade policy, including renegotiating and terminating existing bilateral and multi-lateral trade agreements, reviewing U.S. trade policies, practices and agreements to address trade deficits and other economic security matters, and imposing tariffs on imports, in many cases significant, on a variety of items, including fully assembled vehicles, steel, aluminum, copper, semiconductor, and certain vehicle parts and software, which have resulted in increased costs for imports and may cause shortages and delays in the supply of certain components, materials, tooling and equipment necessary to produce our vehicles. In response to these tariffs, a number of U.S. trading partners have imposed or threatened to impose retaliatory measures, including tariffs on U.S. products and enhanced export controls, which has increased the cost and complexity of exporting our vehicles to affected markets. For example, Canada has announced countermeasure tariffs on select U.S.-manufactured vehicles and other goods and the Canada-U.S. trade environment remains volatile, with continued uncertainty around tariffs, trade remedies, and other policy measures that could affect cross-border supply chains on relatively short notice.

Further, the current U.S. administration has imposed tariffs on goods imported from China on top of existing tariffs, and has expanded its export and transfer restrictions on foreign companies and subsidiaries involving sensitive technology, which has resulted in uncertainty regarding the future of international trade between the U.S. and China. In response, China has imposed retaliatory tariffs and implemented export restrictions on certain rare-earth minerals and semiconductor-related products, including microchips. Despite recent negotiations, U.S.-China trade relations remain volatile and uncertain, and there can be no assurance that further actions by the U.S., China or another country will not have an adverse impact on our business, operations and access to products manufactured in China or elsewhere outside the U.S.

The exact scope of any such tariffs that may be ultimately implemented remains uncertain at this time. We cannot predict whether, or to what extent, international trade agreements may be altered, nor can we predict whether, or to what extent, duties, additional tariffs, export controls, or other trade restrictions will be modified or imposed by the U.S. or other countries. If we are unable to pass the costs of such tariffs on to our customer base or otherwise mitigate such costs, or if demand for our exported vehicles decreases due to the higher cost or preferences in foreign countries for domestically manufactured products, our results of operations could be materially adversely affected. Additionally, the threat of retaliatory tariffs and trade wars between the U.S. and foreign countries could further impede the transition to EVs, disrupt global supply chains, and delay the implementation of economic competitiveness policies. Further, while the administration has issued an executive order and announced other arrangements to reduce certain previously announced tariffs on automobiles and auto parts, there can be no assurance that there will not be further changes. In February 2026, the Supreme Court struck down the current U.S. administration's use of the IEEPA to impose broad tariffs on imports from foreign trade partners. We have received refunds for tariffs that we had paid under the IEEPA. However, tariff exposure may not significantly decline as tariffs are replaced under other authorities and the administration may expand use of other mechanisms to further its trade agenda. Taken together, these uncertainties surrounding domestic and foreign tariffs and the resulting environment of retaliatory trade practices could increase costs and harm our ability to obtain necessary inputs or sell our vehicles at prices customers are willing to pay, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

The Uyghur Forced Labor Prevention Act ("UFLPA") creates a rebuttable presumption that any goods, wares, articles, and merchandise mined, produced, or manufactured in whole or in part in the Xinjiang Uyghur Administrative Region of China or that are produced by certain entities are prohibited from importation into the U.S. and are not entitled to entry. The U.S. has recently updated enforcement guidelines for the UFLPA and has indicated increased investigations into potential violations. In response, China has recently taken actions that indicate that it may restrict Chinese suppliers from participating in such investigations, which could affect our ability to respond to one. While we are not presently aware of any direct impacts these restrictions have on our supply chain, the UFLPA may materially and negatively impact our ability to import the goods and products we rely on to manufacture our products and operate our business. The UFLPA may further impact our supply chain and costs of goods as it may restrict the available supply of goods and products eligible for importation into the U.S., including among other things, electronics assemblies and aluminum. As the U.S. government continues to investigate claims of forced labor in China, and the Chinese government pushes back, the enforcement of the UFLPA continues to evolve, making the potential for impacts on Chinese suppliers (and non-Chinese suppliers using supply chains extending into China) difficult to assess.

In 2022, in response to actions taken by Russia against Ukraine, the U.S. and other countries worldwide implemented significant economic sanctions, embargoes, financial restrictions, trade controls and other governmental measures and restrictions against Russia, Belarus, and certain related entities and persons. Additionally, ongoing military operations in the Gulf region and the broader Middle East, as well as escalating hostilities affecting Saudi Arabia, and potential further escalation or broadening of such conflicts, could lead to new uncertainties to trade relations and policies. The U.S. has enacted, or may enact in the future, federal regulations that significantly constrain trade relations with Russia, Belarus or other countries. Consequently, imports of certain products or merchandise originating from these jurisdictions may be subject to higher import duty rates. To the extent such products or merchandise are found in our cross-border supply chains and subject to higher duties, the suspension of normal trade relations with Russia, Belarus and other countries could increase our input costs, which could adversely impact our business and financial condition.

Although we are not aware of any company-related operations or activities in Russia, Belarus or Iran, economic sanctions and other laws and regulations targeting these jurisdictions could disrupt our supply chains, impair our ability to compete in current or future markets, or otherwise subject us to potential liability. While we have implemented, and may implement in the future, certain procedures to facilitate compliance with applicable laws and regulations in connection with the sanctions and trade control programs around the globe related to Russia, Belarus or other countries, we cannot be assured that these procedures are always effective or that we, or third parties, many of whom we do not control, have complied with all laws or regulations in this regard. Failure by our employees, representatives, contractors, agents, intermediaries, or other third parties to comply with applicable laws and regulations could have negative consequences that could impact us, including reputational harm, government investigations, loss of export privileges, and penalties or fines. These economic sanctions and other restrictions continue to evolve, and the long-term potential impact on our operations and business remains unclear.

***We are subject to laws and regulations that could impose substantial costs, legal prohibitions or unfavorable changes upon our operations or products, and any failure to comply with these laws and regulations, including as they evolve, could substantially harm our business and results of operations.***

At various jurisdictional levels, we are or will be subject to complex and evolving environmental, manufacturing, health and safety laws and regulations, including laws relating to the use, handling, storage, recycling, disposal and human exposure to lithium-ion batteries and hazardous materials and with respect to constructing, expanding and maintaining our facilities. The costs of compliance, including remediating contamination, if any, for our properties and any changes to our operations mandated by new or amended laws, may be significant. We may also face unexpected delays in obtaining permits and approvals required by such laws in connection with our facilities, which could affect our ability to continue our operations. Such costs and delays may adversely impact our business prospects and operations. Furthermore, any violations of these laws may result in substantial fines and penalties, remediation costs, third party damages, or a suspension or cessation of our operations.

In addition, motor vehicles and associated service activities are subject to substantial regulation under international, federal, state and local laws. We have incurred, and expect to continue to incur, significant costs in complying with these regulations. Any failures to comply could result in significant expenses, delays or fines. In the U.S., vehicles must meet or exceed all federally mandated motor vehicle safety standards to be certified under the federal regulations. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving federal certification. The Lucid Air, the Lucid Gravity and any future vehicle programs, including the upcoming Midsize platform, will be subject to such regulation under international, federal, state and local laws and standards. These regulations include those promulgated by the EPA, NHTSA, other federal agencies, various state agencies and boards; and compliance certification is required for each individual vehicle we manufacture for sale. These laws and standards are subject to change from time-to-time, and we could become subject to additional regulations in the future, which could increase the effort and expense of compliance. If compliance results in delays or substantial expenses, this could adversely affect our business. Laws and industrial standards for EVs continue to evolve, and we face risks associated with changes to these regulations, which could have an impact on the adoption of EVs.

We currently are, and expect to become, subject to laws and regulations applicable to the supply chain, manufacture, import, sale and service of automobiles and accessories in an increasing number of international jurisdictions. Applicable regulations in countries outside of the U.S., such as standards relating to vehicle safety, transportation of dangerous goods, fuel economy and emissions, battery recycling, among other things, are often materially different from requirements in the U.S. and are also evolving. For example, the EU has enacted a battery regulation that affects Lucid vehicles and batteries delivered in Europe with increasing requirements for the durability, marking, supply chain transparency, and recycled content of the high-voltage batteries in our vehicles each year, among other requirements. Compliance with such regulations will require additional time and resources. This process may include official review and verification of our batteries and related documentation prior to market entry. There can be no assurance that we will be able to achieve foreign regulatory compliance in a timely manner and at our expected cost, or at all; and the costs of achieving international regulatory compliance or the failure to achieve international regulatory compliance could harm our business, prospects, results of operations and financial condition.

***We may face regulatory limitations on our ability to sell vehicles directly, which could materially and adversely affect our ability to sell our vehicles.***

Our business plan includes the direct sale of vehicles to retail consumers, both at retail locations and over the internet, in North America and the Middle East. In the U.S., the laws governing licensing of dealers and sales of motor vehicles vary from state to state. Most states require a dealer license to sell new motor vehicles within the state, and many states prohibit manufacturers or their affiliates from becoming licensed dealers and directly selling new motor vehicles to retail consumers from within that state. In addition, most states require that we have a physical dealership location in the state before we can be licensed as a dealer. Currently, we are licensed as a motor vehicle dealer in several states. In some states, we have also opened or expect to open Lucid studios to educate and inform customers about our vehicles, but those Lucid studios will not actually transact in the sale of vehicles. The application of these state laws to our operations continues to be difficult to predict. Laws in some states have limited our ability to obtain dealer licenses from state motor vehicle regulators and may continue to do so.

We may face legal challenges to this distribution model. For example, in states where direct sales are not permitted, dealers and their lobbying organizations may raise complaints to the government or regulatory agencies that we are acting in the capacity of a dealer without a license. Alternatively, we have and may continue to initiate legal action against such states that prohibit direct sales, which may be protracted and expensive, and the results are difficult to predict. In some states, regulators may restrict or prohibit us from directly providing warranty repair service, or from contracting with third parties who are not licensed dealers to provide warranty repair service. Even if regulators decide to permit us to sell vehicles, such decisions may be challenged by dealer associations and others as to whether such decisions comply with applicable state motor vehicle industry laws. Further, even in jurisdictions where we believe applicable laws and regulations do not currently prohibit our direct sales model or where we have reached agreements with regulators, legislatures may impose additional limitations. Because the laws vary from state-to-state, our distribution model must be carefully established, and our sales and service processes must be continually monitored for compliance with the various state requirements, which change from time-to-time. Regulatory compliance and likely challenges to the distribution model may add to the cost of our business.

***We have in the past and may choose in the future, or we may be compelled, to undertake product recalls or take other actions, which could adversely affect our business, prospects, results of operations, reputation and financial condition.***

Product recalls may result in adverse publicity, damage our reputation and adversely affect our business, prospects, results of operations and financial condition. For example, we have conducted several vehicle recalls and stop sales due to a number of potential issues in the past and we may in the future voluntarily or involuntarily initiate additional recalls and other actions if any of our EVs or components (including our batteries) prove to be defective or noncompliant with applicable federal motor vehicle safety standards. If a large number of vehicles are the subject of a recall or if we are unable to obtain the necessary replacement parts, we may be unable to service and repair recalled vehicles for a significant period of time. These types of disruptions could jeopardize our ability to fulfill existing contractual commitments or satisfy demand for our EVs and could also result in the loss of business to our competitors. Such recalls and stop sales, whether caused by systems or components engineered or manufactured by us or our suppliers, would involve significant expense, the possibility of lawsuits, reduction of customer demand, adverse publicity, and diversion of management's attention and other resources, which could adversely affect our brand image in our target markets and our business, prospects, results of operations and financial condition.

***We are subject to legal proceedings, regulatory disputes and governmental inquiries that could cause us to incur significant expenses, divert our management's attention, and adversely affect our business, results of operations, cash flows and financial condition.***

From time-to-time, we may be subject to claims, lawsuits, government investigations and other proceedings involving product liability, consumer protection, competition and antitrust, intellectual property, data privacy, cybersecurity, securities, tax, labor and employment, health and safety, our direct distribution model, motor vehicle dealership licenses and state licensing laws, environmental claims, contractual and commercial disputes and other matters that could adversely affect our business, brand, reputation, results of operations, cash flows, financial condition, and the trading price of our common stock. These claims could be asserted against us by individuals, either acting individually or through class actions, by governmental entities in civil or criminal investigations and proceedings, or by other entities. For example, we are currently the subject of class actions filed against us, our former CEO, and other current or former officers, alleging violations of securities laws. We are also the subject of multiple shareholder derivative lawsuits alleging breaches of fiduciary duties and related claims against certain of our former and current directors. For details regarding these legal proceedings, refer to Note 11 "Commitments and Contingencies" to the condensed consolidated financial statements included elsewhere in this Quarterly Report for more information.

Litigation and regulatory proceedings may be protracted and expensive, and the results are difficult to predict. Additionally, our litigation and legal defense costs could be significant, even if we achieve favorable outcomes. Adverse outcomes with respect to litigation or any other legal proceedings may result in significant settlement costs or judgments, criminal and civil penalties and fines, or injunctive relief, including suspension or revocation of licenses to conduct business or other changes to our business practices, all of which could adversely affect our sales and revenue growth, our brand, business, prospects, results of operations, cash flows and financial condition. See Part II, Item 1 "Legal Proceedings."

***We may become subject to product liability and warranty-related 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 and warranty-related claims, which could harm our business, prospects, results of operations and financial condition. The automotive industry experiences significant product liability claims, and we face inherent risks of exposure to claims in the event our production vehicles do not perform or are claimed not to perform as expected or malfunction, resulting in property damage, personal injury or death. We also expect that, as is true for other automakers, our vehicles will be involved in crashes resulting in death or personal injury, and even if not caused by the failure of our vehicles, we may face product liability claims and adverse publicity in connection with such incidents. In addition, we may face claims arising from or related to failures, claimed failures or misuse of new technologies that we expect to offer, including ADAS and AV features in our vehicles. See "— Risks Related to Litigation and Regulation — *ADAS and autonomous vehicle technologies are subject to uncertain and evolving regulations*." In addition, the battery packs that we produce use 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 we have designed our battery packs to passively contain a single cell's release of energy without spreading to neighboring modules, there can be no assurance that a field or testing failure of our vehicles or other battery packs that we produce will not occur, in particular due to a high-speed crash. See "— Risks Related to Manufacturing and Supply Chain — *Our vehicles make use of lithium-ion battery cells, which, if not appropriately managed and controlled, have been observed to catch fire or vent smoke and flame.*" In addition, although we equip our vehicles with systems designed to detect and warn vehicle occupants of such thermal events, there can be no assurance that such systems will function as designed or will provide vehicle occupants with sufficient, or any, warning in all circumstances. Any such events or failures of our vehicles, battery packs or warning systems could subject us to lawsuits, product recalls or redesign efforts, all of which would be time-consuming and expensive. Furthermore, if our products contain design defects, manufacturing defects, or other defects in materials or workmanship that cause them to not conform to applicable express or implied warranties, or we are unable to service or repair nonconforming vehicles within a reasonable period of time or number of repair attempts, we may be subject to breach of warranty, lemon law, and other consumer protection claims.

A successful product liability or warranty-related claim against us could result in a substantial monetary loss. Our risks in this area are particularly pronounced in light of the limited field experience of our vehicles. Moreover, a product liability or warranty-related claim against us or our competitors could generate substantial negative publicity about our vehicles and business and inhibit or prevent commercialization of our future vehicles, which would have a material adverse effect on our brand, business, prospects and results of operations. Our insurance coverage might not be sufficient to cover all potential product liability and warranty-related claims, and insurance coverage may not continue to be available to us or, if available, may be at a significantly higher cost. Any lawsuit seeking significant monetary damages or other product liability or warranty-related claims may have a material adverse effect on our reputation, business and financial condition.

***We may be exposed to delays, limitations and risks related to the environmental permits and other operating permits required to construct and operate our manufacturing facilities.***

Construction and operation of an automobile manufacturing facility requires land use and environmental permits and other construction and operating permits from federal, state and local government entities. While we believe that we have the permits necessary to carry out and perform our current plans and operations at our Casa Grande, Arizona and Saudi Arabia manufacturing facilities based on our current target production capacity, we plan to expand our manufacturing facilities and construct additional manufacturing facilities over time to achieve a future target production capacity and will be required to apply for and secure various environmental, wastewater, hazardous materials, construction and land use permits and certificates of occupancy necessary for the commercial operation of such expanded and additional facilities. Delays, denials or restrictions on any of the applications for or granting of the permits to construct or operate our manufacturing facilities could adversely affect our ability to execute on our business plans and objectives based on our current target production capacity or our future target production capacity. See "— Risks Related to Manufacturing and Supply Chain — *We have experienced and may in the future experience significant delays in the design, launch and manufacture of our vehicles, which could harm our business and prospects.*"

***We are subject to various environmental, health and safety laws and regulations that could impose substantial costs on us and cause delays in expanding our production facilities.***

Our operations are subject to international, federal, state and local environmental laws and regulations relating to the use, handling, storage, disposal of and exposure to hazardous materials and batteries. Environmental, health and safety laws and regulations are complex and evolving. For example, regulations regarding battery storage, recycling, disposal and processing are relatively new and the current lack of consistent standards may increase our cost of compliance. Moreover, we may be affected by future amendments to such laws or other new environmental, health and safety laws and regulations which may require a change in our operations, potentially resulting in a material adverse effect on our business, prospects, results of operations and financial condition. These laws can give rise to liability for administrative oversight costs, cleanup costs, property damage, bodily injury, fines and penalties. Capital and operating expenses needed to comply with environmental laws and regulations can be significant, and violations could result in substantial fines and penalties, third-party damages, suspension of production or a cessation of our operations.

If contamination is discovered at properties we own or operate, properties we formerly owned or operated or properties to which we sent hazardous substances, we may be subject to liability under environmental laws and regulations, including, but not limited to, the Comprehensive Environmental Response, and Compensation and Liability Act, which can impose liability for the full amount of remediation-related costs without regard to fault, for the investigation and cleanup of contaminated soil and ground water, for building contamination and impacts to human health and for damages to natural resources. The costs of complying with environmental laws and regulations and any claims concerning noncompliance, or liability with respect to contamination in the future, could have a material adverse effect on our financial condition or results of operations.

Our operations are also subject to international, federal, state, and local workplace safety laws and regulations, including, but not limited to, the Occupational Safety and Health Act and the rules promulgated by the Occupational Safety and Health Administration, which require compliance with various workplace safety requirements. These laws and regulations can give rise to liability for oversight costs, compliance costs, bodily injury (including workers' compensation), fines, and penalties. Additionally, non-compliance could result in delay or suspension of production or cessation of operations. The costs required to comply with workplace safety laws can be significant, and non-compliance could adversely affect our production or other operations, including with respect to the production of our vehicles, which could have a material adverse effect on our business, prospects and results of operations.

***ADAS and autonomous vehicle technologies are subject to uncertain and evolving regulations.***

We expect to introduce certain ADAS and AV technologies into our vehicles over time. ADAS and AV technologies are subject to regulatory uncertainty as the law evolves to catch up with the rapidly evolving nature of the technologies, all of which is beyond our control. There are a variety of international, federal and state regulations that may apply to self-driving and driver-assisted vehicles, which include many existing vehicle standards that assume a human driver will be controlling the vehicle at all times. Currently, there are no federal U.S. regulations in effect pertaining to the safety of self-driving vehicles; however, NHTSA has established recommended guidelines. Certain states have legal restrictions on self-driving vehicles, and many other states are considering them. In Europe, certain vehicle safety regulations apply to self-driving braking and steering systems, and certain treaties also restrict the legality of certain higher levels of self-driving vehicles. Both the U.S. and Europe are considering new rules for ADAS and AV technologies that are expected to come into effect in future years. Self-driving laws and regulations are expected to continue to evolve in numerous jurisdictions in the U.S. and foreign countries, which increases the likelihood of a patchwork of complex or conflicting regulations, or may delay products or restrict self-driving features and availability, or affect the pace at which we enter the robotaxi business, which could adversely affect our business. Our vehicles may not achieve compliance with the regulatory requirements in some countries or jurisdictions for certification and rollout to consumers or satisfy changing regulatory requirements which could require us to redesign, modify or update our ADAS or AV hardware and related software systems. Any such requirements or limitations could impose significant expense or delays and could harm our competitive position, which could adversely affect our business, prospects, results of operations and financial condition.

***We are subject to U.S. and foreign anti-corruption, anti-money laundering and anti-boycott laws and regulations. We can face criminal liability and other serious consequences for violations, which can harm our business.***

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute, the U.S. Travel Act, the USA PATRIOT Act and possibly other anti-bribery and anti-money laundering laws in countries in which we expect to conduct activities, as well as the antiboycott regulations of the U.S. Export Administration regulations. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, contractors and other collaborators from authorizing, promising, offering or providing, directly or indirectly, improper payments or anything else of value to recipients in the public or private sector. We can be held liable for the corrupt or other illegal activities of our employees, agents, contractors and other collaborators, even if we do not explicitly authorize or have actual knowledge of such activities. Anti-money laundering laws and regulations of the U.S. and other countries may require additional due diligence of counterparties and for us to provide ownership and financial information to counterparties. The antiboycott regulations of the U.S. Export Administration require us to refuse to comply with the Arab League boycott of Israel and report any requests to do so. Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm and other consequences.

***We are subject to governmental export and import controls and laws that could subject us to liability if we are not in compliance with such laws.***

Our vehicles and the equipment we use are subject to export control, import and economic sanctions laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control. Exports of our vehicles and technology must be made in compliance with these laws and regulations. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including the possible loss of export or import privileges; fines, which may be imposed on us and responsible employees or managers; and, in extreme cases, the incarceration of responsible employees or managers. In addition, our existing and future international operations for the reassembly or manufacture of our vehicles may subject us to additional constraints under applicable export and import controls and laws.

In addition, changes to our vehicles, or changes in applicable export control, import or economic sanctions laws and regulations, may create delays in the introduction and sale of our vehicles and solutions or, in some cases, prevent the export or import of our vehicles to certain countries, governments, or persons altogether. Any change in export, import, or economic sanctions laws and regulations, shift in the enforcement or scope of existing laws and regulations or change in the countries, governments, persons or technologies targeted by such laws and regulations could also result in decreased use of our vehicles, as well decreasing our ability to export or market our vehicles to potential customers. Any decreased use of our vehicles or limitation on our ability to export or market our vehicles could adversely affect our business, prospects, results of operations and financial condition.

***A failure to properly comply with foreign trade zone laws and regulations could increase the cost of our duties and tariffs.***

We have established a foreign trade zone with respect to certain of our facilities in Casa Grande, Arizona, through qualification with U.S. Customs and Border Protection. Materials received in a foreign trade zone are not subject to certain U.S. duties or tariffs until the material enters U.S. commerce. We expect to benefit from the adoption of a foreign trade zone by reduced duties, deferral of certain duties and tariffs, and reduced processing fees, which we expect to help us realize a reduction in duty and tariff costs. However, the operation of our foreign trade zone requires compliance with applicable regulations, including with respect to the physical security of the foreign trade zone, and continued support of U.S. Customs and Border Protection with respect to the foreign trade zone program. If we are unable to maintain the qualification of our foreign trade zone, or if foreign trade zones are limited or unavailable to us in the future, our duty and tariff costs could increase, which could have an adverse effect on our business and results of operations.

**Risks Related to Intellectual Property**

***We may fail to adequately obtain, maintain, enforce, defend and protect our intellectual property and may not be able to prevent third parties from unauthorized use of our intellectual property and proprietary technology. If we are unsuccessful in any of the foregoing, our competitive position could be harmed and we could be required to incur significant expenses to enforce our rights.***

Our ability to compete effectively is dependent in part upon our ability to obtain, maintain, enforce, defend and protect our intellectual property and proprietary technology. We may not be able to prevent third parties from unauthorized use of our intellectual property and proprietary technology, which could harm our business and competitive position. We establish and protect our intellectual property and proprietary technology through a combination of licensing agreements, third-party nondisclosure and confidentiality agreements and other contractual rights, as well as through patent, trademark, copyright and trade secret laws in the U.S. and other jurisdictions. Monitoring unauthorized use of our intellectual property is costly and challenging, and the steps we have taken or will take to prevent infringement, misappropriation and other violations may not be successful. Despite our efforts to obtain and protect intellectual property rights, there can be no assurance that these protections will be available in all cases or will be adequate to prevent our competitors or other third parties from copying, reverse engineering or otherwise obtaining and using our technology or products or seeking court declarations that they do not infringe, misappropriate or otherwise violate our intellectual property. Failure to adequately obtain, maintain, enforce, defend and protect our intellectual property could result in our competitors offering identical or similar products, potentially resulting in the loss of our competitive advantage and a decrease in our revenue which would adversely affect our business, prospects, financial condition and results of operations.

The measures we take to obtain, maintain, protect, defend and enforce our intellectual property, including preventing unauthorized use by third parties, may not be effective for various reasons, including the following:

- any trademark or patent applications we file may not result in the issuance of trademarks or patents;
- we may not be the first inventor of the subject matter to which we have filed a particular patent application, and we may not be the first party to file such a patent application;
- the claims under any of our issued patents may not be broad enough to (i) protect our inventions and proprietary technology nor (ii) prevent third parties from creating, developing, or implementing technologies that are similar to ours or offer similar performance;
- our issued patents may be challenged or invalidated by our competitors or other third parties;
- patents have a finite term, and competitors and other third parties may offer identical or similar products after the expiration of our patents that cover such products;
- our employees, contractors or business partners may breach their confidentiality, non-disclosure and non-use obligations;
- competitors and other third parties may independently develop technologies that are the same or similar to ours;
- the intellectual property rights of others could also bar us from licensing and exploiting any patents that issue from our pending applications;
- the costs associated with enforcing patents or other intellectual property rights, or confidentiality and invention assignment agreements may make enforcement impracticable;
- competitors and other third parties may circumvent or otherwise design around our patents or other intellectual property; and
- evolving legal standards relating to patent eligibility, inventorship, ownership and enforceability may reduce the scope, value or effectiveness of our patent rights, increase prosecution costs or make it more difficult to obtain patent protection for certain inventions or technologies.

Patent, trademark, copyright and trade secret laws vary significantly throughout the world and continue to evolve. Changes in law, regulations, court decisions or governmental guidance concerning patentability, inventorship, ownership, enforceability or other aspects of intellectual property protection could adversely affect our ability to obtain, maintain, enforce or defend our intellectual property rights. Also, the laws of some foreign countries, including countries in which our products are sold, may not be as protective of intellectual property rights as those in the U.S., and mechanisms for obtaining and enforcing intellectual property rights may be inadequate. Therefore, our intellectual property may not be as strong or as easily obtained or enforced outside of the U.S. Further, policing the unauthorized use of our intellectual property in foreign jurisdictions may be difficult. In addition, third parties may seek to challenge, invalidate or circumvent our patents, trademarks, copyrights, trade secrets or other intellectual property, or applications for any of the foregoing, which could permit our competitors or other third parties to develop and commercialize products and technologies that are the same or similar to ours.

While we have registered and applied for trademarks in an effort to protect our brand and goodwill with customers, competitors or other third parties have in the past and may in the future oppose our trademark applications or otherwise challenge our use of the trademarks and other brand names in which we have invested. Such oppositions and challenges can be expensive and may adversely affect our ability to maintain the goodwill gained in connection with a particular trademark. For example, in June 2024, we reached an agreement with Gravity, Inc. to settle a claim before the USPTO that opposed and requested cancellation of our trademark application and registration for the use of "Gravity." In addition, we may lose our trademark rights if we are unable to submit specimens of use by the applicable deadline to perfect such trademark rights.

It is our policy to enter into confidentiality and invention assignment agreements with our employees and contractors that have developed material intellectual property for us or have access to our confidential information, but these agreements may not be self-executing and may not otherwise adequately protect our intellectual property, particularly with respect to conflicts of ownership relating to work product generated by the employees and contractors. Furthermore, we cannot be certain that we have entered into these agreements with every such employee and contractor, that these agreements will not be breached or that third parties will not gain access to our trade secrets, know-how or other proprietary technology. Third parties may also independently develop the same or substantially similar proprietary technology. Monitoring unauthorized use of our intellectual property is difficult and costly, as are the steps we have taken or will take to prevent infringement or misappropriation.

We have licensed and plan to further license patents and other intellectual property from third parties, including, but not limited to, suppliers and service providers, and we may face claims that our use of this in-licensed intellectual property infringes, misappropriates or otherwise violates the intellectual property rights of third parties. In such cases, we will seek indemnification from our licensors. However, our rights to indemnification may be unavailable or insufficient to cover our costs and losses. Furthermore, disputes may arise with our licensors regarding the intellectual property subject to, and any of our rights and obligations under, any license or other commercial agreement. The resolution of such disputes could narrow what we believe to be the scope of our rights to the relevant intellectual property or increase what we believe to be our financial or other obligations under the relevant agreement. If we are unable to renew our key license or other intellectual property-related agreements on acceptable terms, or our current and future licensors conclude that we have materially breached our obligations under our license agreements and terminate such license agreements, we may lose the legal right to use some of the intellectual property we employ to manufacture certain products or only be able to maintain such right at a substantially higher cost. In some circumstances, we may not have the right to control the maintenance, prosecution, preparation, filing, enforcement, defense or litigation of patents, patent applications, and other intellectual property that we license from third parties and are reliant on our licensors to do so. We cannot be certain that activities such as patent maintenance and prosecution by our licensors have been or will be conducted consistent with our best interests or in compliance with applicable laws and regulations, or will result in valid and enforceable patents and other intellectual property rights. It is possible that our licensors' infringement proceedings or defense activities may be less vigorous than had we conducted them ourselves or may not be conducted in accordance with our best interests.

To prevent unauthorized use of our intellectual property, it may be necessary to prosecute actions for infringement, misappropriation or other violation of our intellectual property against third parties. Any such action may be time-consuming and could result in significant costs and diversion of our resources and management's attention, and there can be no assurance that we will be successful in any such action. Furthermore, many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce their intellectual property rights than we do. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing, misappropriating or otherwise violating our intellectual property. Any of the foregoing could adversely affect our business, prospects, financial condition and results of operations.

***We may be sued by third parties for alleged infringement, misappropriation or other violation of their intellectual property, which could be time-consuming and costly and result in significant legal liability.***

There are considerable issued patents, pending patent applications, and other intellectual property development, ownership, and activity in our industry. Companies, organizations and individuals, including our competitors, may hold or obtain patents, trademarks or other intellectual property that would prevent, limit or interfere with our ability to make, use, develop, sell, lease, market or otherwise exploit our vehicles, components or other technology, which could make it more difficult for us to operate our business. Our success depends in part on not infringing, misappropriating or otherwise violating the intellectual property of third parties. From time-to-time, we may receive communications from third parties, including our competitors, alleging that we are infringing, misappropriating or otherwise violating their intellectual property or otherwise asserting their rights and urging us to take licenses, and we may be found to be infringing, misappropriating or otherwise violating such rights. There can be no assurance that we can adequately mitigate the risk of potential suits or other legal demands by our competitors or other third parties. Patent and other types of intellectual property litigation can involve complex factual and legal questions, and their outcome is uncertain. Even if we believe such claims are without merit, a court of competent jurisdiction could hold that such third-party intellectual property is valid, enforceable and infringed, which could adversely affect our ability to commercialize our products or technologies. Accordingly, we may consider entering into license agreements with respect to such rights, although no assurance can be given that such licenses can be obtained on acceptable terms or at all or that litigation will not occur, and such licenses and associated litigation could significantly increase our operating expenses. Even if we are able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us. We may be unaware of the intellectual property and other proprietary rights of third parties that may cover some or all of our products or technologies. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could have adverse effects on our business, including requiring that we:

- pay substantial damages, including treble damages for willful infringement, or ongoing royalty payments;
- cease developing, selling, leasing, using or incorporating certain components into vehicles or offering goods or services that incorporate or use the asserted intellectual property;
- seek a license from the owner of the asserted intellectual property, which license may not be available on reasonable terms, or at all;
- comply with other unfavorable terms;
- establish and maintain alternative branding for our products and services; or
- modify, redesign or re-engineer our products, technologies, software, services, or branding to avoid infringement, misappropriation, dilution or other violations, which may be costly, time-consuming or impracticable.

If any of our customers or indemnitees are alleged to have infringed, misappropriated or otherwise violated any third-party intellectual property, we would in general be required to defend or settle the litigation on their behalf. Claims relating to intellectual property may also be asserted against our suppliers, licensors, manufacturers, development partners or other third parties upon whom we rely. Such claims could adversely impact the availability of products, services, components, technologies or intellectual property that are important to our business and could result in additional costs, delays or disruptions. In addition, if we are unable to obtain licenses or modify our products or technologies to make them non-infringing, we may have to refund a portion of license fees paid to us and terminate those agreements, which could further exhaust our resources. In addition, we may pay substantial settlement amounts or royalties on future product sales to resolve claims or litigation, whether or not legitimately or successfully asserted against us. Even if we were to prevail in the actual or potential claims or litigation against us, any claim or litigation regarding our intellectual property could be costly and time-consuming and divert the attention and resources of our management and key employees from our business operations. Such disputes, with or without merit, could also cause potential customers to refrain from purchasing our products or otherwise cause us reputational harm and negative publicity.

Furthermore, many of our employees were previously employed by other automotive companies or by suppliers to automotive companies, or related industries. We may be subject to claims that we or our employees have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of these employees' 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 be enjoined from using certain technology, product, services, or knowledge or, we may lose valuable intellectual property or employees. A loss of key employees, our trade secrets, or our other 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 have an adverse impact on us due to substantial defense and settlement costs and demand on management resources, and harm to our reputation and brand. Any of the foregoing could materially adversely affect our business, prospects, results of operations and financial condition.

***Some of our products contain open-source software, which may pose particular risks to our proprietary software, products and services in a manner that could harm our business.***

We use open-source software, available from third parties, in our products and anticipate using open-source software in the future. Some open-source software licenses require those who distribute open-source software as part of their own software product to publicly disclose all or part of the source code to such software product or to make available any derivative works of the open-source code on unfavorable terms or at no cost, and we may be subject to such terms. The terms of many open-source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that open-source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Any actual or claimed requirement to disclose our proprietary source code or pay damages for breach of contract could harm our business and could help third parties, including our competitors, develop products and services that are similar to or better than ours. Certain open-source licenses may also impose restrictions on our ability to charge fees for, license or otherwise commercially exploit software incorporating open-source components. While we monitor our use as well as our third-party software suppliers' use of open-source software and compliance with open-source licenses and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open-source license, such use could inadvertently occur or be claimed to have occurred. Additionally, we could face claims from third parties claiming ownership of, or demanding release of, the open-source software or derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce, or alleging non-compliance with the terms of the applicable open-source license. These claims could result in litigation and could require us to make our proprietary source code freely available, purchase a costly license or cease offering the implicated products or services unless and until we can re-engineer them to avoid infringement, which may be a costly and time-consuming process, and we may not be able to complete the re-engineering process successfully.

Additionally, the use of certain open-source software can lead to greater risks than use of third-party commercial software, as open-source licensors generally do not provide warranties or controls on the origin of software or other contractual protections regarding infringement claims or the quality of the code, including with respect to security vulnerabilities. Moreover, some open-source projects have known security and other vulnerabilities and architectural instabilities, or are otherwise subject to security attacks due to their wide availability, and are provided on an "as-is" basis. In addition, defects, bugs, errors or performance issues in open-source software could impair the functionality, reliability, performance or deployment of our products or services and could harm our reputation. Because open-source software is publicly available, it may also be easier for malicious actors to identify vulnerabilities and target our products, services or systems through cyberattacks or other security incidents. There is typically no support available for open-source software, and we cannot ensure that the authors of such open-source software will implement or push updates to address security risks or will not abandon further development and maintenance. Many of the risks associated with the use of open-source software, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, negatively affect our business. Any of these risks could be difficult to eliminate or manage and, if not addressed, could have a material adverse effect on our business, prospects, results of operations and financial condition.

**Risks Related to Financing and Strategic Transactions**

***We will require additional capital to support business growth, and this capital might not be available on commercially reasonable terms, or at all.***

We have funded our operations since inception primarily through equity and debt financings. We anticipate that we will continue to raise additional funds through equity, equity-linked or debt financings. Our business is capital-intensive, and our efforts to increase cost-effectiveness, including the execution of the cash flow improvement plan, may not succeed. There can be no assurance that we will achieve positive cash flow from operations on our anticipated timeline, or at all. In addition, we have settled, and we expect to settle, tax withholding obligations in connection with vesting of the restricted stock units granted to certain employees through "net settlement," i.e., by remitting the Company's cash to satisfy the tax withholding obligation and simultaneously withholding a number of the vested shares on each vesting date with a value equal to that remitted cash. The amount of the tax withholding due on each vesting date will be based on the fair value of our common stock on such vesting date. Depending on the fair value of our common stock and the number of restricted stock units vesting on any applicable vesting date, such net settlement could require us to expend substantial funds to satisfy tax withholding.

Our plan to continue the commercial production of our vehicles and grow our business is dependent upon the timely availability of funds and further investment in design, engineering, component procurement, testing, and the build-out of manufacturing capabilities. For example, as of September 30, 2026, pursuant to the terms of the agreements we entered into in connection with the supply of lithium-ion battery cells, we have remaining minimum purchase commitments of an aggregate of approximately $2.54 billion of lithium-ion battery cells using the current base prices, which could vary period-to-period primarily as a result of changes in raw material indexes. In addition, the fact that we have a limited operating history means that we have limited historical data on the demand for our vehicles. As a result, our future capital requirements are uncertain, and actual capital requirements may be greater than what we currently anticipate.

If we raise additional funds through further issuances of equity or equity-linked securities, our stockholders could experience significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing in the future could involve additional restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions.

We may not be able to obtain additional financing on terms favorable to us, if at all. Our ability to obtain such financing could be adversely affected by a number of factors, including our liquidity position, execution risks, industry-wide EV headwinds, delays or cutbacks in EV production plans announced by us or other manufacturers, investor and customer acceptance of our business model and changes in vehicle programs, and any announcement to adjust, suspend or withdraw previously announced financial projections or guidance. General conditions in the global economy and financial markets may also affect our ability to obtain additional capital, including volatility and disruptions in the capital and credit markets, including as a result of inflation, bank closures and liquidity concerns at financial institutions, the risk of a global economic recession or other downturn, interest rate changes, global or regional conflicts or other geopolitical events, including the ongoing geopolitical conflicts in the Middle East. These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to us. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, we will have to significantly reduce our spending, delay or cancel our planned activities or substantially change our corporate structure, and we might not have sufficient resources to conduct or support our business as projected, which would have a material adverse effect on our business, prospects, results of operations and financial condition.

***We may not be able to realize the anticipated benefits of our agreements with Aston Martin, Uber, and Nuro.***

In June 2023, we entered into the Implementation Agreement with Aston Martin under which we and Aston Martin have established a long-term strategic technology arrangement. On November 6, 2023, pursuant to the terms of the Implementation Agreement, integration and supply arrangements became effective, under which we will provide Aston Martin access to our powertrain, battery system, and software technologies, work with Aston Martin to integrate our powertrain and battery components with Aston Martin's battery EV chassis, and supply powertrain and battery components to Aston Martin. However, Aston Martin has in the past delayed its vehicle programs expected to incorporate our technology and we may not be able to realize the anticipated benefits of this agreement if Aston Martin fails to satisfy its contractual commitments, further delays or cancels vehicle programs expected to incorporate our technology, elects to reduce or discontinue its relationship with us, or fails to enter into a long form supply agreement on terms acceptable to us. See Note 15 "Related Party Transactions" to the condensed consolidated financial statements included elsewhere in this Quarterly Report for more information.

In July 2025, we entered into the First VPA with Uber under which Uber and its designated fleet operators have agreed to purchase a minimum commitment of 20,000 Lucid Gravity Plus vehicles over a six-year period following the start of production. Additionally, in connection with our First VPA with Uber, we entered into an integration agreement with Nuro whereby we will collaborate with Nuro to install autonomous driving software in Lucid Gravity vehicles, enabling Uber and its designated fleet operators to operate the vehicles as robotaxis with Level 4 autonomy. In April 2026, we entered into the Second VPA, further expanding our strategic partnership with Uber in connection with our Midsize platform vehicles. See Note 8 "Stockholders' Equity" to the condensed consolidated financial statements included elsewhere in this Quarterly Report for more information.

We may not be able to realize the anticipated benefits of the VPAs if we fail to meet certain volume and other requirements and specifications with respect to the Lucid Gravity Plus vehicles and Lucid Midsize Plus vehicles, including continued production of the base Lucid Gravity vehicles and base Lucid Midsize platform vehicles, meeting certain quality thresholds, and timely fulfillment of orders for the subject vehicles. In addition, we will depend on Nuro to meet its requirements in order to fulfill some of these conditions.

Any such delay or failure for any reason, including financial distress, insolvency or disruptions in operations experienced by our partners or for any other reasons beyond our control, may have an adverse effect on our brand and reputation, and our business, prospects, results of operations and financial condition.

***The accounting method for reflecting the Convertible Senior Notes on our consolidated balance sheet, accruing interest expense for the Convertible Senior Notes and reflecting the underlying shares of our common stock in our reported diluted earnings per share may adversely affect our reported earnings and financial condition.***

In August 2020, the Financial Accounting Standards Board published an Accounting Standards Update, which we refer to as ASU 2020-06, which simplifies certain of the accounting standards that apply to convertible debt such as the Convertible Senior Notes. We adopted ASU 2020-06 for the year ended December 31, 2021, including interim periods within that fiscal year.

In accordance with ASU 2020-06, we accounted for the issuance of the Convertible Senior Notes as a liability on our balance sheets, with the initial carrying amount equal to the principal amount of the Convertible Senior Notes, net of issuance costs. The issuance costs will be treated as a debt discount for accounting purposes, which will be amortized into interest expense over the term of the Convertible Senior Notes. As a result of this amortization, the interest expense that we expect to recognize for the Convertible Senior Notes for accounting purposes will be greater than the cash interest payments we will pay on the Convertible Senior Notes, which will result in a higher reported loss.

In addition, the shares underlying the Convertible Senior Notes will be reflected in our diluted earnings per share using the "if converted" method, in accordance with ASU 2020-06. Under that method, diluted earnings per share would generally be calculated assuming that all the Convertible Senior Notes were converted solely into shares of common stock at the beginning of the reporting period, unless the result would be anti-dilutive. The application of the if-converted method may reduce our reported diluted earnings per share, and accounting standards may change in the future in a manner that may adversely affect our diluted earnings per share.

Furthermore, if any of the conditions to the convertibility of the Convertible Senior Notes is satisfied, then we may be required under applicable accounting standards to reclassify the liability carrying value of the Convertible Senior Notes as a current, rather than a long-term liability. This reclassification could be required even if no noteholders convert their Convertible Senior Notes and could materially reduce our reported working capital.

***Servicing our current and future debt and potential payment obligations, including under the terms of our Convertible Senior Notes and Redeemable Convertible Preferred Stock, may restrict our flexibility in operating our business and require a significant amount of cash, and we may not have sufficient cash flow from our business to pay our indebtedness or satisfy our payment obligations.***

We issued $2.0 billion principal amount of the 2026 Notes in December 2021, issued $1.1 billion principal amount of the 2030 Notes in April 2025, issued $975.0 million principal amount of the 2031 Notes in November 2025, and have entered into several credit facilities since 2022. Concurrent with the 2030 Notes offering and the 2031 Notes offering, we repurchased $1,808.2 million principal amount of the 2026 Notes in the aggregate, reducing its remaining principal amount to $204.3 million. See Note 6 "Debt" to the condensed consolidated financial statements included elsewhere in this Quarterly Report for further information on our outstanding debt obligations. Our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness from time-to-time depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control.

Noteholders may, subject to a limited exception, require us to repurchase their Convertible Senior Notes following a fundamental change at a cash repurchase price generally equal to the principal amount of the Convertible Senior Notes to be repurchased, plus accrued and unpaid interest, if any. Holders of the 2031 Notes may also require us to repurchase their 2031 Notes on November 1, 2029 at a cash optional repurchase price equal to the principal amount of the 2031 Notes to be repurchased. In addition, upon conversion, we will satisfy part or all of our conversion obligation in cash unless we elect to settle conversions solely in shares of our common stock. We may not have sufficient available cash or be able to obtain financing at the time we are required to repurchase the Convertible Senior Notes or pay any cash amounts due upon conversion. In addition, applicable law, regulatory authorities and the agreements governing our other indebtedness, such as the covenants in the ABL Credit Facility and Certificate of Designations, may restrict our ability to repurchase the Convertible Senior Notes or pay any cash amounts due upon conversion. Our failure to repurchase the Convertible Senior Notes or pay any cash amounts due upon conversion when required will constitute a default under the indentures of such Convertible Senior Notes. A default under the indentures of such Convertible Senior Notes or the fundamental change itself could also lead to a default under agreements governing our other indebtedness, which may result in that other indebtedness becoming immediately payable in full. We may not have sufficient funds to satisfy all amounts due under the other indebtedness and the Convertible Senior Notes.

In addition, under the SIDF Loan Agreement, the 2025 GIB Credit Facility, the ABL Credit Facility, and the DDTL Credit Facility, we are subject to customary affirmative and negative covenants regarding our business and operations, including limitations on our ability to, among other things, pay dividends, incur debt, create liens and encumbrances, redeem or repurchase stock, dispose of assets (including dispositions of material intellectual property), consummate acquisitions or other investments, prepay certain debt, engage in transactions with affiliates, engage in certain sale and leaseback transactions, consummate mergers and other fundamental changes, enter into restrictive agreements or modify their organizational documents.

In March 2024, we issued 100,000 shares of our Series A Redeemable Convertible Preferred Stock, in August 2024, we issued 75,000 shares of our Series B Redeemable Convertible Preferred Stock, and in April 2026, we issued 55,000 shares of our Series C Redeemable Convertible Preferred Stock. The holders of our Redeemable Convertible Preferred Stock have the right to receive payment in cash upon a mandatory conversion or redemption at our option, or upon the occurrence of a fundamental change (as defined in the Certificate of Designations), if certain liquidity conditions are not satisfied. In general, we are entitled to exercise a mandatory conversion right regarding the Redeemable Convertible Preferred Stock to convert into shares of common stock after the third anniversary of the date of original issuance if the daily VWAP (as defined in the Certificate of Designations) has been at least 200% of the Conversion Price (as defined in Note 7 "Redeemable Convertible Preferred Stock" to our condensed consolidated financial statements included elsewhere in this Quarterly Report) for at least twenty (20) trading days (whether or not consecutive) during any thirty (30) consecutive trading day period (including the last day of such period), and we are entitled to redeem all or any portion of the Redeemable Convertible Preferred Stock on or after the fifth anniversary of the date of original issuance at a redemption price specified in the Certificate of Designations. In addition, prior to the obtaining of the requisite shareholder approval, we are required to cash settle the shares of common stock deliverable upon conversion, redemption or repurchase of the Series C Redeemable Convertible Preferred Stock that are over the Conversion Share Cap (as defined therein). The holders of our Redeemable Convertible Preferred Stock also have the right to receive certain Minimum Consideration (as defined in Note 7 "Redeemable Convertible Preferred Stock" to our condensed consolidated financial statements included elsewhere in this Quarterly Report) upon a mandatory conversion, optional redemption, fundamental change or liquidation event. While we largely can control the occurrence of such events, if we are required to cash settle any of these obligations as a result of the liquidity conditions not being met, the amount of such cash settlement is subject to factors beyond our control and we cannot presently predict the amount of such cash settlement, which increases over time, is not subject to any cap or limitation. A requirement to cash settle any obligations in relation to the Redeemable Convertible Preferred Stock may have a material adverse effect on our business, prospects, results of operations and financial condition. See "*—The issuance of additional shares of our common stock or other equity or equity-linked securities, including upon conversion, optional redemption or repurchase of convertible securities, or sales of a significant portion of our common stock, could depress the market price of our common stock.*"

Our business may not generate cash flow from operations in the future sufficient to service our debt, our obligations under the Redeemable Convertible Preferred Stock and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or preferred stock or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any current or future indebtedness or preferred stock will depend on the capital markets and our financial condition at such time. Our obligations to the holders of our Redeemable Convertible Preferred Stock could also limit our ability to obtain additional financing, which could have an adverse effect on our financial condition. We may not be able to engage in future financing on desirable terms, which could result in a default on our debt obligations. In addition, our existing debt agreements contain, and any of our future debt agreements may contain restrictive covenants that may prohibit us from selling assets, restructuring debt or preferred stock or obtaining additional debt financing or equity capital, which may make it more difficult for us to obtain additional capital to pursue business opportunities, including potential acquisitions or divestitures. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt, and may limit our ability to obtain additional financing, which in turn may have an adverse effect on our cash flows and liquidity.

Further, shares of our common stock are subordinate in right of payment to all of our current and future debt and Redeemable Convertible Preferred Stock. We cannot assure that there would be any remaining funds for any distribution to our stockholders after the payment of all of our debt or, in the case of our Redeemable Convertible Preferred Stock, payment of all of our obligations upon liquidation or, in certain limited circumstances where cash settlement is required, our obligations upon mandatory conversion, optional redemption or a fundamental change.

In addition, our indebtedness and our obligations under our Redeemable Convertible Preferred Stock, combined with our other existing and future financial obligations and contractual commitments, could have other important consequences. For example, it could:

- make us more vulnerable to adverse changes in general U.S. and worldwide economic, industry and competitive conditions and adverse changes in government regulation;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- place us at a disadvantage compared to our competitors who have less debt or other obligations;
- limit our ability to borrow or raise additional amounts to fund acquisitions, for working capital and for other general corporate purposes; and
- make an acquisition of our company less attractive or more difficult.

Any of these factors could harm our business, results of operations and financial condition. In addition, if we incur additional indebtedness or issue additional Redeemable Convertible Preferred Stock, the risks related to our business and our ability to service or repay our indebtedness would increase.

***We have incurred and may still incur substantially more debt.***

We and our subsidiaries have incurred and may need to incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments, some of which may be secured debt. The ABL Credit Facility and Certificate of Designations impose certain restrictions on our ability to incur additional debt, but we are not restricted under the terms of the indentures governing our Convertible Senior Notes from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that could have the effect of diminishing our ability to make payments on our Convertible Senior Notes when due.

***The conditional conversion feature of the Convertible Senior Notes, if triggered, may adversely affect our financial condition and operating results.***

For the 2026 Notes, before the close of business on the business day immediately before September 15, 2026, noteholders had the right to convert their 2026 Notes upon the occurrence of certain events, and they may elect to convert their 2026 Notes regardless of the occurrence of such events from and after September 15, 2026 until the close of business on the second scheduled trading day immediately before December 15, 2026. For the 2030 Notes, before the close of business on the business day immediately before January 1, 2030, noteholders will have the right to convert their 2030 Notes upon the occurrence of certain events, and they may elect to convert their 2030 Notes regardless of the occurrence of such events from and after January 1, 2030 until the close of business on the second scheduled trading day immediately before April 1, 2030. For the 2031 Notes, before the close of business on the business day immediately before August 1, 2031, noteholders will have the right to convert their 2031 Notes upon the occurrence of certain events, and they may elect to convert their 2031 Notes regardless of the occurrence of such events from and after August 1, 2031 until the close of business on the second scheduled trading day immediately before November 1, 2031. If holders of the Convertible Senior Notes elect to convert their notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock, we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, in certain circumstances, such as conversion by holders or redemption, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Convertible Senior Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

***The holders of our Redeemable Convertible Preferred Stock are entitled to vote on an as-converted to common stock basis and have rights to approve certain actions, which reduces the relative voting power of the holders of our common stock.***

The holders of our Redeemable Convertible Preferred Stock are entitled to vote, on an as-converted basis together with holders of our common stock, the number of votes (subject to a voting cap in accordance with Nasdaq listing rules) equal to the number of whole shares of common stock into which the shares of the Redeemable Convertible Preferred Stock held by such holder are convertible on the record date for determining stockholders entitled to vote on such matter, which reduces the relative voting power of our common stockholders.

In addition, as long as at least 10% of the aggregate number of shares of the Series A, Series B, and Series C Redeemable Convertible Preferred Stock originally issued remain outstanding, respectively, and subject to certain other conditions, holders of such Redeemable Convertible Preferred Stock are entitled to a separate class vote with respect to, among other things, amendments to our organizational documents that have an adverse effect on the respective Redeemable Convertible Preferred Stock, authorizations or issuances by us of capital stock that ranks senior or equal to the respective Redeemable Convertible Preferred Stock with respect to dividends or distributions on liquidation or the terms of which provide for cash dividends (other than the common stock), winding-up or dissolution, and decreases in the number of authorized shares of the Redeemable Convertible Preferred Stock.

As a result of these consent and voting rights of the Redeemable Convertible Preferred Stock, holders of the Redeemable Convertible Preferred Stock have significant power to influence the outcome over any matter submitted for the vote of the holders of our common stock and to influence certain matters affecting our governance and capitalization.

***Our Redeemable Convertible Preferred Stock has rights, preferences and privileges that are not held by, and are senior to the rights of, our common stockholders.***

The Redeemable Convertible Preferred Stock ranks senior to the common stock with respect to dividends and distributions of assets upon the Company's liquidation, dissolution or winding up. In addition, the Redeemable Convertible Preferred Stock creates substantial obligations upon us in the case of a conversion, mandatory conversion, optional redemption, fundamental change or liquidation event that may have an adverse effect upon our financial condition and the interests of the holders of our common stock. The Redeemable Convertible Preferred Stock ranks senior to the common stock with respect to dividends, which substantially limits our ability to issue parity securities, junior securities or cash dividend securities, and may in some circumstances limit our ability to pay dividends on our common stock. Furthermore, the Certificate of Designations also provides that as long as Ayar owns at least 50% of the Redeemable Convertible Preferred Stock, we are required to comply with certain debt incurrence covenants in our ABL Credit Facility.

Holders of the Redeemable Convertible Preferred Stock also have rights to a guaranteed Minimum Consideration in the event that the Company exercises its right to mandatory conversion or optional redemption of the Redeemable Convertible Preferred Stock, and in the event of a fundamental change or liquidation event. See "*—The issuance of additional shares of our common stock or other equity or equity-linked securities, including upon conversion, optional redemption or repurchase of convertible securities, or sales of a significant portion of our common stock, could depress the market price of our common stock.*" In addition, holders of our Redeemable Convertible Preferred Stock have the right to receive payment in cash upon a mandatory conversion, optional redemption or a fundamental change if certain liquidity conditions are not satisfied. Further, prior to the obtaining of the requisite shareholder approval, we are required to cash settle the shares of common stock deliverable upon conversion, redemption or repurchase of the Series C Redeemable Convertible Preferred Stock that are over the Conversion Share Cap. See "*—Servicing our current and future debt and potential payment obligations, including under the terms of our Convertible Senior Notes and Redeemable Convertible Preferred Stock, may restrict our flexibility in operating our business and require a significant amount of cash, and we may not have sufficient cash flow from our business to pay our indebtedness or satisfy our payment obligations.*"

***We may be unable to draw down the full amounts available under the ABL Credit Facility, the SIDF Loan Agreement, the 2025 GIB Credit Facility or the DDTL Credit Facility.***

The ABL Credit Facility has an initial aggregate principal commitment amount of up to $1.0 billion. However, availability of the committed amounts under the ABL Credit Facility is subject to the value of the eligible borrowing base and certain debt compliance covenants in the Certificate of Designations. We are currently able to draw down only a portion of the full amount available under the ABL Credit Facility. In addition, there is no guarantee that we will have sufficient eligible borrowing base in the future to be able to draw down the full amount available under the ABL Credit Facility. In addition, amounts committed under the SIDF Loan Agreement and the 2025 GIB Credit Facility are only available for certain specific purposes and subject to conditions on drawdowns. The DDTL Credit Facility provides for approximately $2.13 billion in undrawn delayed draw term commitments, subject to drawdown conditions, following a $500.0 million draw in April 2026, a $800.0 million draw in July 2026, a $400.0 million draw in August, an additional $400.0 million draw in October 2026, and a $1.75 billion increase to the aggregate undrawn delayed commitments in November 2026. Any inability to draw down the full amounts committed under these facilities, should the need arise, may have an adverse effect on our cash flows and liquidity.

***We may not be able to identify adequate strategic relationship opportunities or form strategic relationships, in the future.***

Strategic business relationships have been and will continue to be an important factor in the growth and long-term success of our business. From time-to-time, we explore opportunities to enter into such relationships, including partnerships with original equipment manufacturers, service and charging providers, and technology innovators. However, there are no assurances that we will be able to identify or secure suitable business relationship opportunities in the future or that we will be able to maintain such relationships. In addition, our competitors may capitalize on such opportunities before we do and we may not be able to offer similar benefits to other companies with which we would like to establish and maintain strategic relationships, which could impair our ability to establish such relationships. For example, we have partnered with third-party EV charging providers to provide our customers with access to charging infrastructure, and we will rely on ongoing access to such infrastructure to provide our customers with charging solutions. If third-party EV charging providers terminate their partnerships or otherwise fail to deliver the anticipated benefits of their partnerships, our ability to provide a satisfactory customer experience will be harmed. In addition, although we have gained access to Tesla's Supercharger network, any delay in implementing changes in Lucid vehicles required by Tesla by a certain milestone date may result in Tesla denying our access to their network. Our current and future alliances, including among others, our strategic partnership with Uber and Nuro, could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the third party, contractual restrictions on our ability to pursue other strategic relationships, and increased expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

Moreover, identifying and executing on such opportunities could demand substantial management time and resources, and negotiating and financing relationships involves significant costs and uncertainties. If we are unable to successfully source and execute strategic relationship opportunities in the future, our overall growth could be impaired, and our business, prospects and results of operations could be materially adversely affected.

***We may acquire other businesses, which could require significant management attention, disrupt our business, dilute stockholder value and adversely affect our results of operations.***

As part of our business strategy, we may make investments in complementary companies, solutions or technologies. We may not be able to find suitable acquisition candidates, and we may not be able to complete such acquisitions on favorable terms, if at all. In addition to possible stockholder approval, we may need approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations, which could result in increased delay and costs, and may disrupt our business strategy if we fail to do so. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals. In addition, if we are unsuccessful at integrating such acquisitions or developing the acquired technologies, the revenue and results of operations of the combined company could be adversely affected.

Further, the integration of acquired businesses, assets or personnel typically requires significant time and resources, which could result in a diversion of resources from our existing business, which could have an adverse effect on our operations, and we may not be able to manage the integration process successfully. For instance, in April 2025, we acquired select facilities and assets in Arizona previously belonging to Nikola Corporation, including Nikola's former Coolidge manufacturing facility and the Phoenix facility, and we offered employment to certain former Nikola employees in roles across our Arizona facilities. We may not successfully evaluate or utilize the acquired technology or personnel or accurately forecast the financial impact of an acquisition transaction, including accounting charges. We may have to pay cash, incur debt or issue equity securities to pay for any such acquisition, each of which could adversely affect our financial condition or the value of our common stock. The sale of equity or equity-linked securities to finance any such acquisitions could result in dilution to our stockholders. The incurrence of indebtedness could result in increased fixed obligations and exposure to potential unknown liabilities of the acquired business and could also include covenants or other restrictions that could impede our ability to manage our operations.

***Our financial results may vary significantly from period-to-period due to fluctuations in our production levels, operating costs, product demand and other factors.***

Our period-to-period financial results may vary based on our production levels, operating costs and product demand, which we anticipate will fluctuate as we continue to design, develop and manufacture new vehicles (which could also reduce sales of our existing vehicles), adjust production capacity, design and develop new EV-related products and technologies including robotaxis, and establish or expand design, research and development, marketing, sales and service facilities. Our revenues from period-to-period may fluctuate as we identify and investigate areas of demand, adjust volumes and new incentives or product derivatives based on market demand and margin opportunities, develop and introduce new vehicles or introduce existing vehicles to new markets for the first time. Our production levels also depend on our ability to obtain vehicle components from our suppliers, the effective operation of our manufacturing facilities, our ability to expand our production capacity, and our ability to timely deliver finished vehicles to customers. Lower production and sales volumes and an inability to fully utilize our purchase commitments with suppliers may result in increased costs and excess inventory as well as potential inventory write-offs. See "—Risks Related to Manufacturing and Supply Chain — *if we fail to successfully tool our manufacturing facilities or if our manufacturing facilities become inoperable, we will be unable to produce our vehicles and our business will be harmed.*" In addition, automotive manufacturers typically experience significant seasonality, with comparatively low sales in the first quarter and comparatively high sales in the fourth quarter, and we have experienced, and expect to continue to experience, similar seasonality as we scale commercial production and sale of our current and future vehicles. Our period-to-period results of operations may also fluctuate because of other factors including labor availability and costs for hourly and management personnel; profitability of our vehicles in all of our markets, including price adjustments and incentives; changes in interest rates; impairment of long-lived assets; macroeconomic conditions, including changes in trade policies and imposition or proposed imposition of tariffs; geopolitical events; negative publicity relating to our vehicles; changes in consumer preferences and competitive conditions; investment in expansion to new markets; or increases in our sales, service and marketing activities. See "— Risks Related to Litigation and Regulation — *Changes in U.S. trade policy, including the imposition of or uncertainties surrounding tariffs or revocation of normal trade relations and the resulting consequences, could adversely affect our business, prospects, results of operations and financial condition.*" As a result of these factors, we believe that quarter-to-quarter comparisons of our financial results, especially in the short-term, may have limited utility as an indicator of future performance. Significant variation in our quarterly performance could also significantly and adversely affect the trading price of our common stock.

**Risks Related to Tax**

***Our ability to use net operating loss carryforwards and certain other tax attributes may be limited.***

We have accumulated U.S. federal and state net operating loss ("NOL") carryforwards and research and development credits which may be available to offset and reduce future taxable income. While our U.S. federal NOL carryforwards arising in taxable years beginning after December 31, 2017, will not be subject to expiration, some of our U.S. federal and state NOL carryforwards of $10.8 billion and $7.8 billion, respectively, from taxable years prior to 2018 will begin to expire in 2027. As of September 30, 2026, we also had U.S. federal research and development credit carryforwards which will begin to expire in 2036, and state research and development credit carryforwards that do not have an expiration date. As of September 30, 2026, we had foreign net operating loss carryforwards, the majority of which will begin to expire in 2043. As of September 30, 2026, we maintain a full valuation allowance for our U.S. and the majority of our non-U.S. net deferred tax assets.

Our U.S. federal and state NOL carryforwards and certain tax credits may be subject to significant limitations under Section 382 and Section 383 of the U.S. tax code, respectively, and similar provisions of state law. Under those sections of the U.S. tax code, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change NOL carryforwards and other pre-change attributes, such as research tax credits, to offset its post-change income or tax may be limited.

In general, an "ownership change" will occur if there is a cumulative change in our ownership by "5-percent shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. We have completed a formal Section 382 study of our equity transactions through December 31, 2020. The study determined that we experienced an "ownership change" in 2016, and we will not be able to utilize $12 million of our U.S. federal NOL and $3 million of U.S. federal research and development tax credit carryforwards. Similar provisions of state law may also apply to limit our use of accumulated state tax attributes from the same period.

We have not yet completed an analysis of whether the business combination between the Company and Legacy Lucid also caused an "ownership change." In addition, future changes in our stock ownership may be outside of our control. If we undergo an ownership change, we may be prevented from fully utilizing the NOL carryforwards and tax credits existing at the time of the ownership change prior to their expiration. Future regulatory changes could also limit our ability to utilize NOL carryforwards and tax credits. To the extent we are not able to offset future taxable income with our NOL carryforwards and tax credits, our net income and cash flows may be adversely affected.

It is more likely than not that we will not generate taxable income in time to use any of our NOL carryforwards and research and development credits before their expiration.

***Unanticipated tax laws or any change in the application of existing tax laws to us or our customers or any change to our corporate structure may adversely impact our profitability and business.***

We are subject to income and other taxes in the U.S. and a growing number of foreign jurisdictions. Existing domestic and foreign tax laws, statutes, rules, regulations, or ordinances could be interpreted, changed, modified, or applied adversely to us (possibly with retroactive effect), which could require us to change our transfer pricing policies and pay additional tax amounts, fines or penalties, surcharges, and interest charges for past amounts due, the amounts and timing of which are difficult to discern. Existing tax laws, statutes, rules, regulations, or ordinances could also be interpreted, changed, modified, or applied adversely to our customers (possibly with retroactive effect) and, if our customers are required to pay additional surcharges, it could adversely affect demand for our vehicles.

Furthermore, changes to federal, state, local, or international tax laws on income, sales, use, import/export, indirect, or other tax laws, statutes, rules, regulations, or ordinances on multinational corporations continue to be considered by the U.S. and other countries where we currently operate or plan to operate. For example, the U.S. Base Erosion and Anti-Abuse Tax (included in the Tax Cuts and Jobs Act of 2017), imposes a minimum tax on adjusted income of corporations with average applicable gross receipt of at least $500.0 million for prior three tax years and that make certain payments to related foreign persons. In addition, the Organization for Economic Cooperation and Development has issued model rules in connection with the Base Erosion and Profit Shifting integrated framework that determine multi-jurisdictional taxing rights and the rate of tax applicable to certain types of income.

These contemplated tax initiatives, if finalized and adopted by the U.S. or other countries where we do business, and the other tax issues described above may materially and adversely impact our operating activities, transfer pricing policies, effective tax rate, deferred tax assets, cash flows and financial results in the current or future reporting periods.

We may change our corporate structure, our business operations or certain agreements that we have entered into relating to taxes in a particular jurisdiction. These changes may materially and adversely impact our consolidated financial statements.

**Risks Related to Public Company Requirements**

***The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business.***

We are required to comply with various regulatory and reporting requirements, including those required by the SEC and Nasdaq. Complying with these reporting and other regulatory requirements is time-consuming and will result in increased costs to us and could have a negative effect on our results of operations, financial condition or business. Those requirements and their interpretation and application may also change from time-to-time and those changes could have a material adverse effect on our results of operations, financial condition or business. A failure to comply with such requirements, as interpreted and applied, could also have a material adverse effect on our results of operations, financial condition or business. These obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, results of operations, cash flows, and financial condition.

As a public company, we are subject to the reporting requirements of the Exchange Act and the requirements of the Sarbanes-Oxley Act. These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we implement and maintain effective disclosure controls and procedures and internal controls over financial reporting. In addition, changing laws, regulations, and standards related to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time-consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

To implement, maintain and improve the effectiveness of our disclosure controls and procedures, we will need to commit significant resources, hire additional staff and provide additional management oversight. To comply with the requirements of being a public company, we have undertaken, and expect to continue to further undertake in the future, various actions, such as hiring additional accounting staff and implementing new internal controls and procedures for the purpose of addressing the standards and requirements applicable to public companies. Sustaining our growth also will require us to commit additional management, operational and financial resources to identify new professionals to join us and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management's attention from other business concerns, which could have a material adverse effect on our results of operations, financial condition or business.

***If we identify material weaknesses or otherwise fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and the value of our common stock.***

We are subject to the SEC's internal control over financial reporting requirements. Internal control over financial reporting is complex and may be revised over time to adapt to changes in our business, or changes in applicable accounting rules.

As part of such requirements, we are required to provide management's attestation on the report on internal control over financial reporting by our independent registered public accounting firm. The design of internal controls over financial reporting for our business has required and will continue to require significant time and resources from management and other personnel.

In addition, we are required to report any control deficiencies that constitute a "material weakness" in our internal control over financial reporting. We cannot guarantee that our internal control over financial reporting will be effective in the future or that a material weakness will not be discovered with respect to a prior period for which we had previously believed that our internal control over financial reporting was effective. If we are not able to maintain or document effective internal control over financial reporting, our independent registered public accounting firm will not be able to certify as to the effectiveness of our internal control over financial reporting. Matters impacting our internal control over financial reporting may result in material misstatements of our consolidated financial statements, cause us to be unable to report our financial information on a timely basis, or may cause us to restate previously issued financial information, and thereby subject us to adverse regulatory consequences, including sanctions or investigations by the SEC, or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. This could materially adversely affect us by, for example, leading to a decline in our stock price and impairing our ability to raise capital.

***We may be required to take write-downs or write-offs, restructuring and impairment or other charges that could have a significant negative effect on our financial condition, results of operations and stock price, which could cause our stockholders to lose some or all of their investment.***

We may be required to write-down or write-off assets, restructure operations, or incur impairment or other charges that could result in losses. Even though these charges may be non-cash items and not have an immediate impact on our liquidity, charges of this nature could contribute to negative market perceptions about us or our securities. Accordingly, any of our stockholders could suffer a reduction in the value of their shares.

**Risks Related to Our Common Stock**

***The price of our common stock has been, and may continue to be, volatile, and this volatility may negatively impact the trading price of our common stock and the Convertible Senior Notes.***

The trading price of our common stock has fluctuated substantially. We have experienced temporary trading halts in our common stock pursuant to Nasdaq rules. During the trading halts, investors were unable to buy or sell shares of our common stock, which may have prevented investors from executing trades at desired prices and times. Any future trading halts may also contribute to uncertainty in the market for our common stock and increase price volatility upon the resumption of trading. The trading price and volatility of our securities depends on many factors, including those described elsewhere in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause investors to lose all or part of the investment in our securities since investors might be unable to sell them at or above the price the investor paid for them. Any of the factors listed below could have a material adverse effect on stockholders' investment in our securities and our securities may trade at prices significantly below the price stockholders paid for them. In such circumstances, the trading price of our securities may not recover and may experience a further decline.

Factors affecting the trading price and volatility of our securities may include:

- market conditions in the broader stock market in general, or in our industry in particular;
- actual or anticipated fluctuations in our quarterly financial or operating results or the quarterly financial or operating results of companies perceived to be similar to ours;
- changes in the market's expectations about our operating results;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- the public's reaction to financial projections and any other guidance or metrics that we may publicly disclose, including any decision to adjust, suspend, or withdraw such financial projections, guidance or metrics;
- speculation or inaccurate reporting in the press or investment community;
- actual or anticipated developments in our business, competitors' businesses or the competitive landscape generally;
- lower-than-anticipated industry-wide EV adoption rates or perception that EV demand is slowing;
- the operating results failing to meet the expectations of securities analysts or investors in a particular period, including potential losses as a result of asset impairments;
- the timing of the achievement of objectives under our business plan and the timing and amount of costs we incur in connection therewith, including any delay in the launch of our Midsize platform;
- changes in financial estimates and recommendations by securities analysts concerning us or the market in general;
- operating and stock price performance of other companies that investors deem comparable to ours;
- market reaction to any of our strategic partners;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, litigation or investigations involving us;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of our common stock available for public sale, including as a result of conversion of our Convertible Senior Notes or our Redeemable Convertible Preferred Stock;
- any major change in our Board or management, including the recent announcement of leadership changes;
- sales of substantial amounts of our common stock by our directors, officers or significant stockholders or the perception that such sales could occur;
- general economic and political conditions, such as uncertainties in trade policies, the imposition or proposed imposition of tariffs, export controls, threat of a trade war, recessions, interest rate changes, inflation, bank closures and liquidity concerns at financial institutions, changes in diplomatic and trade relationships, fluctuations in foreign currency exchange rates, acts of war or terrorism, natural disasters, and global or regional conflicts or other geopolitical events, including the ongoing military operations in the Gulf region and the broader Middle East, as well as escalating hostilities affecting Saudi Arabia, and the potential escalation and broadening of such conflicts; and
- other risk factors listed in this section "Risk Factors."

Broad market and industry factors may materially harm the market price of our securities irrespective of our operating performance. The stock market in general and Nasdaq have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, have in the past and may in the future be unpredictable. A loss of investor confidence or speculation in the market regarding our common stock or the stocks of other companies which investors perceive to be similar to ours could depress our stock price and the trading price of the Convertible Senior Notes regardless of our business, prospects, financial condition or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

Furthermore, the stock markets in general, and the markets for technology and EV stocks in particular, have experienced extreme volatility that has sometimes been unrelated to the operating performance of the companies. The trading price of our common stock may be adversely affected by third parties trying to drive down or drive up the market price. Short sellers and others may be positioned to profit if our stock declines or otherwise exhibits volatility, and their activities can negatively affect our stock price and increase the volatility of our stock price. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance. In addition, hedging activity by holders of the Convertible Senior Notes may impact the market price of our common stock, in particular during any redemption conversion period in connection with a redemption of the Convertible Senior Notes or any observation period for a conversion of the Convertible Senior Notes.

In addition, in the past, following periods of volatility in the overall market and the market prices of particular companies' securities, securities class action litigations have often been instituted against these companies. Litigation of this type, and related shareholder derivative actions, have caused, and may continue to cause substantial costs and a diversion of our management's attention and resources. Any adverse determination in any such litigation or any amounts paid to settle any such actual or threatened litigation could require that we make significant payments. See Part II, Item 1 "Legal Proceedings." and "—Risks Related to Litigation and Regulation — *We are subject to legal proceedings, regulatory disputes and governmental inquiries that could cause us to incur significant expenses, divert our management's attention, and adversely affect our business, results of operations, cash flows and financial condition*."

***The issuance of additional shares of our common stock or other equity or equity-linked securities, including upon conversion, optional redemption or repurchase of convertible securities, or sales of a significant portion of our common stock, could depress the market price of our common stock.***

Future issuances of shares of our common stock, or of securities convertible into or exercisable for our common stock, could depress the market price of our common stock and result in significant dilution for holders of our common stock. This includes the potential issuance of a substantial number of shares of our common stock upon the conversion, optional redemption, or repurchase of our Redeemable Convertible Preferred Stock. The Redeemable Convertible Preferred Stock is convertible into our common stock at specified conversion prices, subject to customary anti-dilution adjustments, and the number of shares issuable upon conversion may increase over time due to the compounding of dividends at an initial rate of 9% per annum, which are not subject to any cap or sunset provisions and may accrue in perpetuity. As a result, the number of shares of common stock issuable upon conversion of the Redeemable Convertible Preferred Stock may continue to increase, further diluting the ownership interests of existing common stockholders.

In addition, in certain circumstances, including in connection with a mandatory conversion, optional redemption, or a fundamental change (as defined in the Certificate of Designations), holders of the Redeemable Convertible Preferred Stock may be entitled to receive "Minimum Consideration." If the value of the Minimum Consideration exceeds the Accrued Value of the Redeemable Convertible Preferred Stock, we would be required to issue a number of shares of common stock that is presently indeterminable and, particularly if our stock price is substantially below the initial conversion price, such issuances could result in significant dilution to the common stockholders, which could have a material adverse effect on the market prices of our common stock and on our financial condition, liquidity, and ability to obtain additional financing.

The exercise of our outstanding options, the vesting and settlement of our restricted stock units and the conversion of our Convertible Senior Notes may also result in additional dilution to holders of our common stock. In the future, we may issue additional shares of our common stock, or securities convertible into or exercisable for common stock, in connection with generating additional capital, future acquisitions, repayment of outstanding indebtedness, under our stock incentive plan, or for other reasons.

The market price of shares of our common stock could decline as a result of substantial sales of common stock or securities convertible into shares of common stock, particularly by our significant stockholders, a large number of shares of common stock becoming available for sale or the perception in the market that holders of a large number of shares intend to sell their shares.

In addition, pursuant to the Investor Rights Agreement, Ayar, and certain other parties thereto are entitled to, among other things, certain registration rights, including demand, piggy-back and shelf registration rights with respect to their shares of common stock (including shares of common stock underlying the Redeemable Convertible Preferred Stock held by Ayar) and Ayar's shares of the Redeemable Convertible Preferred Stock. We also provided certain registration rights to SMB with respect to the shares of common stock issued to SMB pursuant to the 2025 Subscription Agreement and the 2026 Subscription Agreement. If either pursuant to any registration statement or through another avenue, one or more of these stockholders were to sell a substantial portion of the securities they hold, including any common stock issued upon conversion, redemption or repurchase of our Redeemable Convertible Preferred Stock, it could cause the trading price of our common stock to decline. Furthermore, given Ayar's substantial concentration in ownership of our common stock and the Redeemable Convertible Preferred Stock, if Ayar were to elect to sell in the open market or in private placement transactions, it could have the effect of increasing the volatility in our stock price or putting significant downward pressure on the price of our common stock.

***We are a "controlled company" within the meaning of the applicable Nasdaq rules and, as a result, qualify for exemptions from certain corporate governance requirements. Our stockholders will not have the same protections afforded to stockholders of companies that are not controlled companies.***

As of September 30, 2026, the PIF, both directly and indirectly through Ayar, held over 50% of the voting power for the election of our directors. As a result, we are a "controlled company" within the meaning of the Nasdaq rules, and as a result, we qualify for exemptions from certain corporate governance requirements. Under these rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including the requirements to have: (a) a majority of independent directors on the board; (b) a nominating committee comprised solely of independent directors; (c) compensation of executive officers determined by a majority of the independent directors or a compensation committee comprised solely of independent directors; and (d) director nominees selected, or recommended for the selection by the board, either by a majority of the independent directors or a nominating committee comprised solely of independent directors. Although currently we do not utilize any of these exemptions, we may elect to utilize one or more of these exemptions for so long as we remain a "controlled company." As a result, our stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the Nasdaq corporate governance requirements. Ayar also has the ability to nominate five of the nine directors to our Board.

In addition, for so long as Ayar holds the Redeemable Convertible Preferred Stock and as a result of the consent and voting rights of the Redeemable Convertible Preferred Stock, coupled with the voting rights associated with Ayar's existing ownership of common stock in the Company, Ayar has significant power to influence the outcome over any matter submitted for the vote of the holders of our common stock and to influence certain matters affecting our governance and capitalization. Further, Ayar is entitled to receive additional shares of our common stock under the prepaid forward transactions entered into with the Forward Counterparty in connection with the pricing of the 2030 Notes and the 2031 Notes. This concentration of ownership and voting power allows Ayar to exercise control over certain decisions, in particular with regards to governance and capitalization matters, including matters requiring approval by our stockholders (such as, subject to the Investor Rights Agreement, the election of directors and the approval of mergers or other extraordinary transactions), regardless of whether or not other stockholders believe that the transaction is in their own best interests.

The interests of Ayar may differ from the interests of our other stockholders and, as such, Ayar's voting power and influence over us may decrease the relative interests of our other stockholders or of the Company. Such concentration of voting power could also have the effect of delaying, deterring or preventing a change of control or other business combination that might otherwise be beneficial to our stockholders, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock and the trading price of the Convertible Senior Notes.

***The PIF and Ayar beneficially own a significant equity interest in us and Ayar is a significant lender to us, and either or both may take actions that conflict with other stockholders' interests.***

The PIF and Ayar beneficially own a significant equity interest in us and Ayar is a significant lender to us. However, the interests of the PIF and Ayar may not align with our interests and the interests of our other stockholders or securityholders. The PIF and Ayar are each in the business of making investments in companies and may acquire and hold interests in or otherwise provide financing to businesses that compete directly or indirectly with us. The PIF and Ayar and their respective affiliates, may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. If there are any changes to our relationship with PIF and Ayar, or if either or both suspends or terminates its provision of financing to us, for a variety of reasons some of which may be beyond our control, it could have a material adverse effect on our business, prospects, financial condition and results of operations.

***Securities or industry analysts may or may not publish research or reports about us, our business, our market, or change their recommendations regarding our common stock adversely, which could cause the price and trading volume of our common stock to decline.***

The trading market for our common stock can be influenced by the research and reports that industry or securities analysts may publish about us, our business and operations, our market, or our competitors. Similarly, if any of the analysts who do cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, the price of our common stock may decline. If any analyst who covers us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

***We do not anticipate paying any cash dividends for the foreseeable future.***

We have never declared or paid cash dividends on our capital stock, and we do not anticipate paying any cash dividends in the foreseeable future. In addition, the ABL Credit Facility, the DDTL Credit Facility and our Redeemable Convertible Preferred Stock limits our and certain of our subsidiaries' ability to pay cash dividends. We currently intend to retain our future earnings, if any, for the foreseeable future, to fund the development and growth of our business.

Any future determination to pay cash dividends will be at the discretion of our Board and will be dependent upon our financial condition, results of operations, capital requirements, applicable contractual restrictions and such other factors as the Board may deem relevant. As a result, capital appreciation in the price of our common stock, if any, will be our stockholders' only source of gain on an investment in our common stock.

***There is no guarantee that an active and liquid public market for our securities will be sustained.***

If a liquid trading market for our common stock is not sustained:

- holders of our common stock may not be able to liquidate their investment in shares of our common stock;
- holders of our common stock may not be able to resell their shares of our common stock at favorable prices, or at all;
- the market price of shares of our common stock may experience significant price volatility; and
- there may be less efficiency in carrying out purchase and sale orders with respect to our common stock.

Additionally, if our securities become delisted from Nasdaq for any reason, and are quoted on the OTC Bulletin Board, an inter-dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and trading of our securities may be more limited than if we were quoted or listed on Nasdaq or another national securities exchange. Our stockholders may be unable to sell their securities unless a market can be established or sustained.

***Our current bylaws designate a state court within the State of Delaware, to the fullest extent permitted by law, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit the ability of our stockholders to obtain a favorable judicial forum for disputes with us or with our directors, officers or employees and may discourage stockholders from bringing such claims.***

Under our current bylaws, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum will be a state court within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware) for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or employees to us or our stockholders;
- any action asserting a claim against us or any of our directors or officers or other employees arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws (as either may be amended, restated, modified, supplemented or waived from time-to-time); or
- any action asserting a claim against us or any of our directors or officers or other employees governed by the internal affairs doctrine.

For the avoidance of doubt, the foregoing provisions of our current bylaws will not apply to any action or proceeding asserting a claim under the Securities Act or the Exchange Act. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our current bylaws provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the U.S. will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Although investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder, any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our current bylaws described in the preceding sentences. These provisions of our current bylaws could limit the ability of our stockholders to obtain a favorable judicial forum for certain disputes with us or with our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our current bylaws inapplicable to, or unenforceable in respect of, one or more of the types of actions or proceedings listed above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition and results of operations. While the Delaware courts have determined that such choice of forum provisions are valid at face value, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions, and there can be no assurance that such provisions will be enforced by a court in those other jurisdictions.

***Some provisions of Delaware law, our current certificate of incorporation and our current bylaws, our Certificate of Designations and the indentures for the Convertible Senior Notes may deter third parties from acquiring us and diminish the value of our common stock, the Convertible Senior Notes and the Redeemable Convertible Preferred Stock.***

Our current certificate of incorporation and our current bylaws provide for, among other things:

- the ability of our Board to issue one or more series of preferred stock with voting or other rights or preferences that could have the effect of impeding the success of an attempt to acquire us or otherwise effect a change in control;
- subject to the Investor Rights Agreement, advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at stockholder meetings; and
- certain limitations on convening special stockholder meetings.

In addition, in our current certificate of incorporation, we have not opted out of Section 203 of the DGCL, which prohibits a Delaware corporation from engaging in certain "business combinations" with any "interested stockholder" for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to such time, the Board approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by our Board and by the affirmative vote of holders of at least two-thirds of the votes of our outstanding voting stock that is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with that person's affiliates and associates, owns, or within the previous three years owned, 15% or more of the votes of our outstanding voting stock. For purposes of this provision, "voting stock" means any class or series of stock entitled to vote generally in the election of directors.

Under certain circumstances, this provision will make it more difficult for a person who would be an "interested stockholder" to effect various business combinations with us for a three-year period. This provision may encourage companies interested in acquiring us to negotiate in advance with our Board because the stockholder approval requirement would be avoided if our Board approves either the business combination or the transaction that results in the stockholder becoming an interested stockholder. These provisions also may have the effect of preventing changes in our Board and may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

In addition, certain terms of our Redeemable Convertible Preferred Stock and the Convertible Senior Notes may make it more difficult for an entity to acquire us. As the current holder of our Convertible Preferred Stock, Ayar has certain repurchase, conversion and consent rights, including the right, at the option of Ayar, to require us to repurchase for cash or, if under the terms of our Redeemable Convertible Preferred Stock we are then permitted, and we so elect, shares of our common stock (or other securities to be received by a holder of common stock in such fundamental change) in connection with a fundamental change, based on the applicable Minimum Consideration. See "— Risks Related to Financing and Strategic Transactions—*Our Redeemable Convertible Preferred Stock has rights, preferences and privileges that are not held by, and are senior to the rights of, our common stockholders*." Similarly, the indentures governing the Convertible Senior Notes generally require us, at the option of the holders, to repurchase the Convertible Senior Notes for cash upon the occurrence of a fundamental change and, in certain circumstances, to increase the conversion rate for a holder that converts its Convertible Senior Notes in connection with a make-whole fundamental change, as defined in the indentures for the Convertible Senior Notes. These provisions may make it more costly for a potential acquirer to engage in a business combination transaction with us.

These provisions in our current certificate of incorporation, our current bylaws, our Certificate of Designations and the indentures for the Convertible Senior Notes as well as Delaware law could increase the cost and difficulty of acquiring us or may discourage, delay or prevent a transaction involving a change in our control that is in the best interest of our minority stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock or the value of the Convertible Senior Notes or the Redeemable Convertible Preferred Stock if they are viewed as discouraging future takeover attempts. These provisions could also make it more difficult for stockholders to nominate directors for election to our Board and take other corporate actions, which could also affect the price investors are willing to pay for our common stock, the Convertible Senior Notes or the Redeemable Convertible Preferred Stock.

**Item 5. Other Information.**

***10b5-1 Plan***

On August 21, 2026, Chabi Nouri, a member of the Company's board of directors, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act, for the sale of up to 66,470 shares of common stock. Ms. Nouri's Rule 10b5-1 trading arrangement is scheduled to expire no later than August 31, 2027. Except for the foregoing, none of the Company's directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the quarter ended September 30, 2026, as such terms are defined under Item 408(a) of Regulation S-K.

***Appointment of Chief Accounting Officer***

On November 5, 2026, the Board appointed Neil Laverty as the Company's Chief Accounting Officer and principal accounting officer, effective on November 10, 2026. Mr. Laverty reports to Alexander De Bock, the Company's Chief Financial Officer.

Mr. Laverty, age 49, served as Principal at Deloitte, an international professional services firm, from August 2012 to October 2026, specializing in accounting and reporting transformation in the technology, media, and telecommunications industries. Prior to that, he served as a Professional Accounting Fellow in the Securities and Exchange Commission's Office of the Chief Accountant from May 2010 to August 2012. Earlier in his career, Mr. Laverty held various positions at Deloitte from 1998 to 2010. Mr. Laverty holds a Master of Arts degree from the University of Cambridge.

In connection with his appointment, Mr. Laverty will receive the following compensation: (i) annual base salary of $500,000; (ii) a target incentive of 75% of base salary beginning in 2027; (iii) cash signing bonus of $50,000; (iv) initial equity grants described below; (v) relocation support that will be earned if he successfully completes one year of employment; and (vi) eligibility to participate in the Lucid Group, Inc. Executive Severance Benefit Plan.

Mr. Laverty will receive initial equity grants with an aggregate target grant value of $1,750,000, allocated as (i) $700,000 in the form of RSUs that vest over four years, with 25% vesting on a one-year cliff and the remainder vesting quarterly in 12 equal installments thereafter, and (ii) $1,050,000 in the form of PSUs.

There is no arrangement or understanding with any person pursuant to which Mr. Laverty was appointed as Chief Accounting Officer, and there are no family relationships between Mr. Laverty and any director or executive officer of the Company. Additionally, there are no transactions between Mr. Laverty and the Company and/or its subsidiaries that would be required to be reported under Item 404(a) of Regulation S-K.

***DDTL Credit Facility***

On November 5, 2026, the Company entered into an Amendment No. 3 to Credit Agreement, pursuant to which, among other amendments, the aggregate undrawn delayed commitments under the DDTL Credit Facility were increased by $1.75 billion, such that, after giving effect to such increase, the aggregate sum of outstanding delayed draw term loans and aggregate undrawn commitments was increased to approximately $4.23 billion. After giving effect to such increase and prior borrowings, availability under the DDTL Credit Facility was approximately $2.13 billion as of the date of filing.

The foregoing descriptions of the terms of Amendment No. 3 to Credit Agreement are not complete and are qualified in their entirety by the full text of such agreement, which is filed as Exhibit 10.5 hereto and incorporated herein by reference.

**Item 6. Exhibits.**

The exhibits listed on the Exhibit Index to this Form 10-Q are filed herewith or incorporated by reference herein:

**EXHIBIT INDEX**

| Exhibit Number | Description | Incorporation by Reference | | | | Filed Herewith |
|---|---|---|---|---|---|---|
| | | Form | File Number | Filing Date | Exhibit Number | |
| 10.1^ | Separation Agreement and Release, between Lucid USA, Inc. and Gagan Dhingra, dated as of August 25, 2026 | | | | | X |
| 10.2^ | Transition Agreement and Release, between Lucid USA, Inc. and Taoufiq Boussaid, dated as of September 4, 2026 | | | | | X |
| 10.3^ | Offer of Employment to Alexander De Bock dated June 30, 2026 | | | | | X |
| 10.4^ | Separation Agreement and Release, between Lucid USA, Inc. and Marc Winterhoff, dated as of August 14, 2026 | | | | | X |
| 10.5 | Amendment No. 3 to Credit Agreement, dated November 5, 2026, between Lucid Group, Inc. and Ayar Third Investment Company, as the sole lender and administrative agent | | | | | X |
| 31.1 | Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended | | | | | X |
| 31.2 | Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended | | | | | X |
| 32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | | X |
| 32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | | X |
| 101.INS | Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document) | | | | | X |
| 101.SCH | Inline XBRL Taxonomy Schema Linkbase Document | | | | | X |
| 101.CAL | Inline XBRL Taxonomy Calculation Linkbase Document | | | | | X |
| 101.DEF | Inline XBRL Taxonomy Definition Linkbase Document | | | | | X |
| 101.LAB | Inline XBRL Taxonomy Labels Linkbase Document | | | | | X |
| 101.PRE | Inline XBRL Taxonomy Presentation Linkbase Document | | | | | X |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) | | | | | X |

^ Indicates management contract or compensatory plan.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**LUCID GROUP, INC.**

Date: November 9, 2026

By: /s/ Alexander De Bock

Alexander De Bock

Chief Financial Officer

**Exhibit 10.1**

August 25, 2026

Gagan Dhingra

Re: Separation Agreement and Release

Gagan:

This letter sets forth the substance of the Separation Agreement and Release (the "**Agreement**") that Lucid USA, Inc. (the "**Company**") is offering to you in conjunction with your employment transition.

**1. SEPARATION DATE.** You resigned from your employment, and your last day of work with the Company and your employment termination date was **August 14, 2026** (the "**Separation Date**"). On the Separation Date, the Company paid you all accrued salary and vacation earned through the Separation Date, subject to standard payroll deductions and withholdings. You are entitled to these payments regardless of this Agreement.

**2. SEPARATION BENEFITS.** If you sign and return this Agreement to the Company within the timeframe set forth below, and you do not revoke this Agreement and allow it to become effective and further comply fully with your obligations hereunder, then the Company will provide you with the following Separation Benefits (the "**Separation Benefits**"):

**2.1 Transfer of MCP Vehicle.** During your employment with the Company, you participated in the Company's Manager Car Program ("MCP"). As consideration for this Agreement, the Company has agreed to offer to transfer to you the ownership of the MCP vehicle assigned to you during your employment, or a similar make and model in the Company's sole discretion ("MCP Vehicle"). You agree to execute any documents necessary to effectuate the transfer of the MCP Vehicle. You and the Company acknowledge that the transfer of the MCP Vehicle to you may result in imputed income for tax purposes. To offset that resulting tax liability, the Company agrees to pay to you an additional cash payment in an amount sufficient to cover federal, state, and local taxes incurred as a result of the transfer.

**2.2 Education Expense Repayment Forgiveness**. You acknowledge that, under the terms of the signed "Academics at Wharton" agreement dated May 13, 2024, based on the timing of your resignation from the Company, you are obligated to repay fifty percent (50%) of the total amount provided to you or paid on your behalf by the Company for your participation in the Wharton Advanced Finance Program. In consideration of your execution of, and compliance with, this Agreement, the Company agrees to waive and forever relinquish any right it may have to seek repayment of the amount you owe and hereby forgives the related indebtedness.

**2.3 Section 409A**. The parties agree that the provisions of the Lucid Group, Inc. Executive Severance Benefit Plan and Summary Plan Description including Section 7(c) thereof, will be applicable to any and all deferred compensation, as referenced in Section 409A, under this Agreement.

**3. NO OTHER COMPENSATION OR BENEFITS.** You acknowledge that, except as expressly provided in this Agreement, you did not earn by the Separation Date and will not receive from the Company any additional compensation (*e.g.*, salary, commissions, bonuses or equity), severance or benefits after the Separation Date, with the exception of any vested benefits you may have under the express terms of a written ERISA benefit plan (*e.g.*, 401(k) account).

**4. EXPENSE REIMBURSEMENTS.** You agree that, within ten (10) days after the date of this Agreement, you will submit your final documented expense reimbursement statement reflecting all business expenses you incurred through the Separation Date, if any, for which you seek reimbursement. The Company will reimburse you for these expenses pursuant to its regular business practice.

**5. RETURN OF COMPANY PROPERTY.** Within five (5) business days from the date of this Agreement, and to the extent you have not already done so, you shall return to the Company all Company documents (and all copies thereof) and other Company property in your possession or control. You agree that you will make a diligent search to locate any such documents, property and information within the timeframe referenced above. In addition, if you have used any personally owned computer, server, or e-mail system to receive, store, review, prepare or transmit any confidential or proprietary data, materials or information of the Company, then within five (5) business days from the date of this Agreement, you must provide the Company with a computer-useable copy of such information and then permanently delete and expunge such confidential or proprietary information from those systems without retaining any reproductions (in whole or in part); and you agree to provide the Company access to your system, as requested, to verify that the necessary copying and deletion is done. **Your timely compliance with the provisions of this paragraph is a precondition to your receipt of the Separation Benefits provided hereunder. To the extent that the Company is made aware that you intentionally and/or materially failed to return any Company property after the payment of the Separation Benefits, following notice to you and a reasonable period to cure such failure, such failure to return shall be deemed a material breach of this Agreement and the Company shall have the right to demand and seek the return of the full value of the Separation Benefits.**

**6. CONFIDENTIAL INFORMATION OBLIGATIONS.** You acknowledge access to and receipt of proprietary, confidential, and trade secret information regarding the Company and its affiliates while working ("**Proprietary Information**"). Proprietary Information means information (including any and all combinations of individual items of information) that the Company has or will develop, acquire, create, compile, discover or own, that has value in or to the Company's business which is not generally known and which the Company wishes to maintain as confidential. Proprietary Information includes both information disclosed by the Company to you, and information developed or learned by you during the course of your employment with the Company. Proprietary Information also includes all information of which the unauthorized disclosure could be detrimental to the interests of the Company, whether or not such information is identified as Proprietary Information.

By example, and without limitation, Proprietary Information includes any and all non-public information that relates to the actual or anticipated business and/or products, research or development of the Company, or to the Company's technical data, trade secrets, or know-how, including, but not limited to, research, product plans, or other information regarding the Company's products or services and markets, customer lists and customers (including, but not limited to, the identity of and contact information for customers or prospective customers of the Company on which you called or with which you may become acquainted during the term of your employment and their unique customer preferences and historical transaction data), proprietary software, developments, inventions, discoveries, ideas, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances (such as sales and profits), and other business information disclosed by the Company either directly or indirectly in writing, orally or by drawings or inspection of premises, parts, equipment, or other Company property.

Proprietary Information shall be understood to include any and all Company trade secrets (as defined under applicable state or federal law), but an item need not be a trade secret to qualify as Proprietary Information. An item of Proprietary Information will ordinarily constitute a trade secret under state or federal law if (a) it derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (b) it is the subject of efforts that are reasonable under the circumstances (or under federal law, using reasonable measures) to maintain its secrecy.

Notwithstanding the foregoing, Proprietary Information shall not include any such information which you can establish (i) was publicly known or made generally available prior to the time of disclosure by the Company to you; (ii) becomes publicly known or made generally available after disclosure by the Company to you through no wrongful action or omission by you; or (iii) is in your rightful possession, without confidentiality obligations, at the time of disclosure by the Company as shown by your then-contemporaneous written records; provided that any combination of individual items of information shall not be deemed to be within any of the foregoing exceptions merely because one or more of the individual items are within such exception, unless the combination as a whole is within such exception.

Proprietary Information will not include terms and conditions of employment of Company employees except where it is information concerning other employees that has been entrusted to you as a supervisor or manager or otherwise entrusted to you as part of confidential job duties (such as human resource management, payroll, or benefits administration) (a "Confidential Role"). You understand that nothing in this Agreement limits employees' rights to discuss the terms, wages, and working conditions of their employment, as protected by applicable law.

In addition to any confidentiality agreements you may have with the Company, you agree not to make Proprietary Information known to any member of the public. By signing this Agreement, you certify that you have (a) returned all Proprietary Information and all other Company property, such as office equipment, computers, cell phones, and security badges, as well as all copies or excerpts of any property, files or documents obtained as a result of employment with the Company, and (b) provided the Company with all log-in, password, account and similar information for any Company-related documents, programs, accounts, medical records, or other password-protected materials accessed or used by you in connection with work for the Company. You understand that the obligations in this section exclude and permit disclosure of information lawfully acquired by you about wages, hours or other terms and conditions of employment if used by you for purposes protected by section 7 of the NLRA (as described in the Protected Rights Section) and do not limit your right to make truthful statements or disclosures regarding unlawful employment practices or limit your access to or participate in a proceeding before the NLRB or any other government agency.

**7. CONFIDENTIALITY.** Subject to the Employee Protections defined below, the provisions of this Agreement will be held in strictest confidence by you will not be publicized or disclosed in any manner whatsoever; *provided*, *however*, that: (a) you may disclose this Agreement in confidence to your immediate family; (b) you may disclose this Agreement in confidence to your attorneys, accountants, auditors, tax preparers, and financial advisors; (c) you may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law. In particular, and without limitation, you agree not to disclose the terms of this Agreement to any current or former employee, consultant, or independent contractor of the Company. Notwithstanding your confidentiality and non-disclosure obligations in this Agreement and otherwise, you understand that an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Further, you understand that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the individual's attorney and use the trade secret information in the court proceeding if the individual: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

**8. NONDISPARAGEMENT.** Subject to the Employee Protections defined below, you agree not to disparage the Company or the Company's officers, directors, employees, shareholders, parents, subsidiaries, affiliates, and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation; *provided that* you may respond accurately and fully to any question, inquiry or request for information to the extent required by legal process. In addition, nothing in this paragraph or this Agreement is intended to prohibit or restrain you in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation, the National Labor Relations Act (NLRA), or under other applicable law or regulation. If contacted by a potential future employer regarding you, the Company will only provide dates of employment and positions held. You agree to refer all such requests for information solely to the Company's HR department. **Your timely compliance with the provisions of this paragraph is a precondition to your receipt of the Separation Benefits provided hereunder. To the extent that the Company is made aware that you have breached this paragraph after you have been paid the Separation Benefits, such a breach will be deemed a material breach of this Agreement and the Company shall have the right to demand and seek the return of the full value of the Separation Benefits in addition to all other remedies available under applicable law.**

**9. NO VOLUNTARY ADVERSE ACTION.** Subject to the Employee Protections defined below, you agree that you will not voluntarily provide assistance, information, or advice, directly or indirectly (including through agents or attorneys), to any person or entity in connection with any proposed or pending litigation, arbitration, administrative claim, cause of action, or other formal proceeding of any kind brought against the Company, its parent or subsidiary entities, affiliates, officers, directors, employees, or agents, nor shall you induce or encourage any person or entity to bring any such claims; *provided*, *however*, that you must respond accurately and truthfully to any question, inquiry, or request for information to the extent required by legal process (e.g., a valid subpoena or other similar compulsion of law) or as part of a government investigation.

**10. COOPERATION.** Subject to the Employee Protections defined below. you agree to cooperate fully with the Company in connection with its actual or contemplated defense, prosecution, or investigation of any claims or demands by or against third parties, or other matters arising from events, acts, or failures to act that occurred during the period of your employment by the Company. Such cooperation includes, without limitation, making yourself available to the Company upon reasonable notice, without subpoena, to provide complete, truthful and accurate information in witness interviews, depositions, and trial testimony. The Company will reimburse you for reasonable out-of-pocket expenses you incur in connection with any such cooperation (excluding foregone wages, salary, or other compensation) and will make reasonable efforts to accommodate your scheduling needs.

**11. NO ADMISSIONS.** You understand and agree that the promises and payments in consideration of this Agreement shall not be construed to be an admission of any liability or obligation by the Company to you or to any other person, and that the Company makes no such admission

## 12. RELEASE OF CLAIMS

**12.1 General Release.** In exchange for the consideration provided to you under this Agreement, to which you would not otherwise be entitled, you hereby generally and completely release the Company, and its affiliated, related, parent, and subsidiary entities, and its and their current and former directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the "**Released Parties**") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date you sign this Agreement (collectively, the "**Released Claims**").

**12.2 Scope of Release.** The Released Claims include, but are not limited to:

(i) all claims arising out of or in any way related to your employment with the Company, or the termination of that employment; (ii) all claims related to your compensation or benefits from the Company or Lucid Group., Inc., including salary, bonuses, commissions, vacation, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under any and all laws, regulations, orders, or ordinances, including, but not limited to, the federal Civil Rights Act of 1964, the federal Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act (as amended by the Older Workers Benefit Protection Act), the Family and Medical Leave Act, California Labor Code (including, but not limited to, the Private Attorneys General Act ("PAGA")), the California Fair Employment and Housing Act, Cal. Gov't Code §§ 12900, 12940, and 12949, the Ralph Civil Rights Act, California Civil Code, §51.7, and the Tom Bane Civil Rights Act, California Civil Code §52.1. You further agree that you will not initiate a PAGA lawsuit against the Company or any of the Released Parties related to your employment or any other action, event, or incident that occurred prior to the Effective Date of this Agreement.

**12.3 Section 1542 Waiver.** YOU UNDERSTAND THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. In giving the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code, which reads as follows:

> **"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."**

You hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to your release of any unknown or unsuspected claims herein.

**13. EXCLUDED CLAIMS.**

**13.1** Notwithstanding the foregoing, the following are not included in the Released Claims (the "Excluded Claims"): (i) any rights or claims for indemnification you may have pursuant to any written indemnification agreement with the Company to which you are a party (including but not limited to any Indemnification Agreement (which remains in full force and effect)), or under applicable law or the Company's organizational documents (or any predecessor thereto); (ii) any rights which are not waivable as a matter of law; (iii) any rights you have to file or pursue a claim for workers' compensation or unemployment insurance; and (iv) any claims for breach of this Agreement. Subject to the Employee Protections defined below, you hereby represent and warrant that, other than the Excluded Claims, you are not aware of any claims you have or might have against any of the Released Parties that are not included in the Released Claims. In addition, nothing in this Agreement prevents you from filing, cooperating with, or participating in any proceeding before any federal, state or other government agency, except that you acknowledge and agree and hereby waive your right to any monetary benefits in connection with any such claim, charge or proceeding before the Equal Employment Opportunity Commission ("EEOC"), National Labor Relations Board ("NLRB"), California Civil Rights Department ("CRD"), Department of Labor ("DOL"), Securities and Exchange Commission ("SEC"), or any analogous federal, state, or other government agency, to the extent allowed by applicable law.

**13.2** It is further understood that the releases contained in this Agreement are not intended to and do not waive, negate, alter or in any other way modify any (i) insurance coverage policy or policies that have been or may be applicable to you as an employee, officer, or director of the Company in accordance with the terms of any such policy or policies, including without limitation any officers' and directors' insurance liability policy or policies, (ii) any statutory indemnification rights or as otherwise set forth in the Company's Second Amended and Restated Certificate of Incorporation (or any predecessor thereto).

**14. ADEA AND OLDER WORKERS BENEFIT PROTECTION ACT WAIVER.** You, being forty (40) years of age or older, acknowledge that you are waiving and releasing any rights you may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. You and the Company agree that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement, as defined herein. You acknowledge that the consideration given for the waiver and Agreement is in addition to anything of value to which you are already entitled. You further acknowledge that you have been advised in writing, as required by the ADEA, that:

**14.1** You should, and are hereby affirmatively instructed to, consult with an attorney prior to signing this Agreement;

**14.2** You have forty-five (45) days in which to consider this Agreement (although you may choose voluntarily to sign it earlier);

**14.3** You have seven (7) days following the date you sign this Agreement to revoke the Agreement;

**14.4** This Agreement shall not become effective or enforceable until the revocation period has expired at 12:01 a.m. on the eighth (8th) day following your execution of this Agreement ("Effective Date");

**14.5** Nothing in this Agreement prevents or precludes you from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose a condition precedent, penalties or costs for doing so; and

**14.6** Should you choose to revoke this Agreement following your execution of same, you must do so by notifying the Company prior to the Effective Date of the Agreement. Any revocation within this period must: (1) clearly state that you are revoking this Agreement; (2) must be in writing and be signed by you; and (3) must be delivered to Russell Jones, Associate General Counsel, Labor & Employment at russelljones@lucidmotors.com.

**15. ARBITRATION.** You and the Company agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein released, shall be subject to arbitration in the county of your final place of employment, before Judicial Arbitration & Mediation Services ("JAMS"), pursuant to its Employment Arbitration Rules & Procedures ("JAMS Rules"). The arbitrator may grant injunctions and other relief in such disputes. The arbitrator shall administer and conduct any arbitration in accordance with the Federal Arbitration Act. The decision of the arbitrator shall be final, conclusive, and binding on the parties to the arbitration. The parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. The parties to the arbitration shall each pay an equal share of the costs and expenses of such arbitration, and each party shall separately pay for its respective counsel fees and expenses; provided, however, that the arbitrator shall award attorneys' fees and costs to the prevailing party, except as prohibited by law. The parties hereby agree to waive their right to have any dispute between them resolved in a court of law by a judge or jury. Notwithstanding the foregoing, this section will not prevent either party from seeking injunctive relief (or any other provisional remedy) from any court having jurisdiction over the parties and the subject matter of their dispute relating to this Agreement and the agreements incorporated herein by reference.

**16. COVENANT NOT TO SUE.** A “covenant not to sue” is a legal term which means you promise not to file a lawsuit in court. It is different from the release of claims covered above in Section 13. Besides waiving and releasing the claims set forth above, subject to the Employee Protections, defined below, you further agree never to sue Company in any forum for any reason or claim covered by the release of claims in Section 13. If you sue Company in violation of this covenant, you shall be liable to Company for its reasonable attorneys’ fees and other costs incurred in defending against such an action. Notwithstanding this covenant not to sue, you may bring a claim against Company if the claim is excluded from the releases herein, or to challenge this Agreement’s validity under the ADEA.

**17. EMPLOYEE PROTECTIONS.**

**17.1** Notwithstanding anything to the contrary in this Agreement, nothing herein or in any other agreement between you and the Company of any of its affiliates limits your ability to voluntarily communicate with, provide information or documents to, testify before, comply with a subpoena from, or assist or otherwise participate in any manner with an investigation or proceeding conducted by, the SEC, the EEOC, the NLRB, the "CRD," or any other federal, state or local governmental agency or commission ("Government Agency"), legislative body or self-regulatory organization regarding possible legal violations, in each case, without notice or disclosure to the Company. The Company will not retaliate against you for engaging in any of these activities, and nothing in the Agreement or in any other agreement between you and the Company of any of its affiliates requires you to waive any whistleblower award or other whistleblower-related payment that you might become entitled to from the SEC or any other Government Agency or self-regulatory organization. Moreover, nothing in this Agreement or otherwise requires you to notify the Company that you are going to make a report or disclosure to law enforcement.

**17.2** Further, nothing in this Agreement precludes you from filing a charge or claim with the SEC or a charge or claim of discrimination or unfair labor practice with the EEOC, NLRB, or CRD, or a like charge or complaint with any other state or local fair employment or labor Government Agency. However, you may not receive a monetary award or any other form of personal relief from the Company or any other Released Party in connection with any charge or complaint that you have filed or is filed on your behalf with the EEOC, NLRB, CRD or any other similar state or local fair employment or labor Government Agency to the maximum extent permitted by law.

**17.3** The Defend Trade Secrets Act Of 2016 provides immunity in certain circumstances to Company employees, contractors, and consultants for limited disclosures of Company trade secrets. Specifically, Company employees, contractors, and consultants may disclose trade secrets: (a) in confidence, either directly or indirectly, to a Federal, State, or local government official, or to an attorney, "solely for the purpose of reporting or investigating a suspected violation of law," or (b) "in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Additionally, Company employees, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may also use and disclose related Trade Secrets in the following manner: (c) the individual may disclose the trade secret to their attorney, and (d) the individual may use the information in related court proceeding, as long as the individual files documents containing the trade secret under seal, and does not otherwise disclose the trade secret "except pursuant to court order." You shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that: (1) is made (a) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and (b) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Disclosures to attorneys, made under seal, or pursuant to court order are also protected in certain circumstances under 18 U.S.C. 1833.

**17.4** Nothing in this Agreement waives your right to testify in an administrative, legislative, or judicial proceeding when you have been required or requested to attend the proceeding pursuant to a court order, subpoena, or written request from an administrative agency or the legislature. Further, nothing in this Agreement prevents you from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful.

**17.5** The protections set forth in this paragraph constitute and shall be referred to as the "Employee Protections."

**18. TAX CONSEQUENCES.** The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to you or made on your behalf under the terms of this Agreement. You agree and understand that you are responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. You further agree to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of (a) your failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company by reason of any such claims, including attorneys' fees and costs.

**19. ATTORNEYS' FEES.** In the event that either you or the Company brings an action to enforce or effect any rights under this Agreement, the prevailing party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such an action.

**20. REPRESENTATIONS.** You hereby represent that you have been paid all compensation owed and for all hours worked, have received all the leave and leave benefits and protections for which you are eligible pursuant to the federal Family and Medical Leave Act, any applicable law or Company policy, and have not suffered any on-the-job injury for which you have not already filed a workers' compensation claim.

**21. ACCORD AND SATISFACTION.** You and the Company agree that the Agreement and/or Further Release fully supersedes, nullifies and replaces any prior oral or written agreement regarding your entitlement to severance, including your Lucid Group, Inc. Executive Severance Benefit Plan Participation Agreement. The Parties further expressly agree that any rights afforded by the Lucid Group, Inc. Executive Severance Benefit Plan Participation Agreement are extinguished by this Agreement and/or the Further Release.

**22. VOLUNTARY EXECUTION OF AGREEMENT.** You are signing this Agreement voluntarily and without threat or inappropriate influence by Company, with the full intent of releasing all claims. You acknowledge that:

**22.1** you have read the Agreement;

**22.2** you have been represented by legal counsel of your choice or have voluntarily declined to hire an attorney to represent you;

**22.3** you understand the terms and consequences of this Agreement and of the releases it contains;

**22.4** you are fully aware of the legal and binding effect of this Agreement; and

**22.5** if you work or reside in California, this Agreement is a negotiated severance agreement because it is voluntary, deliberate, and informed, provides consideration of value to you, and you have been given notice and an opportunity to retain an attorney or are represented by an attorney.

**23.** **GENERAL.** Except for any continuing contractual obligations you have to the Company regarding the nonuse and nondisclosure of the Company's Proprietary Information or Confidential Information, this Agreement, including, constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to this subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be severed and/or modified, as appropriate, by the arbitrator or court so as to be rendered enforceable to the fullest extent permitted by law, consistent with the intent of the parties. Except for the arbitration portion (which shall be governed by the Federal Arbitration Act), this Agreement shall be construed and enforced in accordance with the laws of the State of California, without regard to conflicts of law principles. Any waiver of a breach of this Agreement, or rights hereunder, shall be in writing and shall not be deemed to be a waiver of any successive breach or rights hereunder. This Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic signatures shall be equivalent to original signatures.

**LUCID USA, INC.**

By: /s/ Gale Halsey
Gale Halsey
Chief People Officer

August 25, 2026 3:29 PM PDT
Date

ACCEPTED AND AGREED:

/s/ Gagan Dhingra
Gagan Dhingra

August 25, 2026 12:52 PM PDT
Date

**Exhibit 10.2**

August 28, 2026

Taoufiq Boussaid

**Re: Transition Agreement and Release**

Taoufiq:

This letter sets forth the substance of the Transition Agreement and Release (the "**Agreement**") that Lucid USA, Inc. (the "**Company**") is offering to you in conjunction with your employment transition.

**1. SEPARATION DATE.** Your last day of work with the Company will be December 31, 2026 (the "**Separation Date**"). On the Separation Date, the Company will pay you all accrued salary and vacation earned through the Separation Date, subject to standard payroll deductions and withholdings. You are entitled to these payments regardless of this Agreement.

**2. CONSIDERATION**.

**2.1 CONSIDERATION FOR THIS AGREEMENT.** Provided that you have not exercised any revocation rights as detailed below, and in exchange for the general and specific release of claims described in this Agreement, as of the Effective Date (defined below), and contingent upon (a) your providing satisfactory professional services until the Separation Date as described in this Section; and (b) your execution of the general and specific release in this Agreement; Lucid will provide you with the following consideration:

**(a) Salary and Benefits**: Beginning on August 31, 2026 you will remain on an unpaid administrative leave until the Effective Date of this Agreement. You will remain an at-will employee in the position of **Senior Advisor**, and you will receive a salary of $10,000 monthly (subject to standard payroll deductions and withholdings), elected benefits, and equity vesting through the Separation Date, provided you sign and do not revoke this Agreement within 28 days and you remain employed in good standing through your Separation Date.

**(b) Neutral Reference**: If contacted by a potential future employer regarding you, the Company agrees to only provide dates of employment and positions held. You agree to refer all such requests for information solely to the Company's HR department.

**(c) Continuing Work Obligations**: To receive the foregoing consideration, you must remain employed in good standing with Lucid through the Separation Date. To be employed in good standing, you agree to cooperate with the Company in connection with any work- or other Company-related matter requested of you. Your cooperation shall include, without limitation, performing any workplace and other Company-related tasks deemed necessary by the Company, including making yourself available at the Company's request and responding to all Company requests, through your Separation Date or an earlier date that you are released by the Company at its sole discretion. You are expected to comply with all Company policies and all agreements you have with the Company during this time. Further, you are required to not engage in any outside employment or engagement prior to the Separation Date which would conflict with your responsibilities or loyalty to the Company, including (i) not engaging in activities which would interfere with your ability to perform all duties required of you as an employee, (ii) not using any Company property, facilities, equipment, supplies, IT systems (such as computers, networks, email, telephones, or voicemail), time, trademarks, brand, or reputation in connection with any outside employment or engagement, (iii) at all times complying with Company policies regarding trade secrets, confidentiality, intellectual property, and proprietary information (including, but not limited, to those set forth in the Global Employee Handbook and your Confidential Information and Invention Assignment Agreement), and (iv) not engaging in any outside employment or engagement for an employer or company that competes with the Company. Further, before beginning outside employment or engagement prior to the Separation Date, you must obtain advance written approval for the outside employment or engagement from the Company.

**2.2 CONSIDERATION FOR FURTHER RELEASE.** Subject to the conditions above and herein, including that (1) you remain employed in good standing through the Separation Date, (2) your employment is not terminated for Cause as set forth in Section 3, and (3) you timely sign and not revoke the Further Release attached as Exhibit A following your Separation Date or an earlier date that you are released by the Company at its sole discretion, the Company will provide you with the following benefits (the "**Severance Benefits**"):

**(a) Severance Pay.** The Company will continue to pay you, as cash severance, your base salary in effect immediately prior to your transition into the Senior Advisor role for a period of **nine (9)** months following the Separation Date (the "**Severance Period**"), subject to standard payroll deductions and withholdings ("**Severance Pay**"). Your Severance Pay will be paid in accordance with the Company's regular payroll practices over the Severance Period; *provided* that the first payment will be made on the first payroll date after the sixtieth (60th) day following the Separation Date in an amount equal to the aggregate amount of payments that the Company would have paid through such date had the payments commenced as of the Separation Date, and the balance of the payments will be made on the Company's regularly scheduled payroll dates over the remainder of the Severance Period.

**(b) Severance Benefit Payment.** If you are eligible for and timely elect continued group health coverage under COBRA, the Company will pay you a monthly amount **$2,291.40**, which is approximately equal to the full cost of your monthly COBRA premium payments for yourself and your eligible dependents, plus a tax gross-up payment for applicable taxes ("**Severance Benefit Payments**"). Your Severance Benefit Payments will be paid until the earliest to occur of (i) the end of the Severance Period, (ii) the expiration of your eligibility for continuation coverage under COBRA, or (iii) the date when you become eligible for substantially equivalent group health coverage in connection with new employment or self-employment, subject to the following sentence. On the first payroll date on or after the sixtieth ($60^{th}$) day following the Separation Date, the Company will make the first payment pursuant to this Section 2.2 equal to the aggregate amount of Severance Benefit Payments that the Company would have paid through such date had such payments (if any) commenced on the Separation Date, and the balance of the Severance Benefit Payments will be paid thereafter in monthly installments over the remainder of the Severance Period. The Severance Benefit Payments will be subject to standard payroll deductions and withholdings. In addition, as a condition to receiving the Severance Benefit Payments you agree and acknowledge that if you become eligible for substantially equivalent coverage under another employer's group health plan or otherwise cease to be eligible for COBRA during the Severance Period, you will immediately notify the Company of such event, and all payments and obligations under this Section 2.2 will cease. You acknowledge and agree that the Severance Benefit Payments do not include amounts, if any, payable by you under a health care reimbursement plan, which amounts are your sole responsibility.

**(c) Transfer of MCP Vehicle.** During your employment with the Company, you participated in the Company's Management Car Program ("MCP"). As consideration for this Agreement, the Company has agreed to offer to transfer to you the ownership of the MCP vehicle assigned to you during your employment, or a similar make and model in the Company's sole discretion ("MCP Vehicle"). You agree to execute any documents necessary to effectuate the transfer of the MCP Vehicle. You and the Company acknowledge that the transfer of the MCP Vehicle to you may result in imputed income for tax purposes. To offset that resulting tax liability, the Company agrees to pay to you an additional cash payment in an amount sufficient to cover federal, state, and local taxes incurred as a result of the transfer. The cost of the MCP Vehicle including tax gross-up will not exceed $100,000.

**(d) Annual Bonus.** The Company will pay you, as additional cash severance, a prorated (January 1, 2026 through August 4, 2026) annual bonus for the 2026 calendar year in the amount of **$156,390.39** ("Bonus Payment"). The Company will pay you the Bonus Payment, less standard payroll deductions and withholdings, on the first payroll date on or after the sixtieth ($60^{th}$) day following the Separation Date. You understand and agree that you will not receive any additional annual bonus amount for the 2026 calendar year and that you will not receive a bonus for the 2027 calendar year.

**(e) Relocation Expenses.** The Company will reimburse you, up to a maximum aggregate amount of **$275,000**, subject to submission of appropriate documentation and the Company's regular reimbursement practices, for (i) documented Repatriation Expenses (as defined below) you incur during the 12 months following the Separation Date and (ii) documented expenses you incur by seeking personal global tax preparation or planning services and personal immigration counsel from a professional advisor during the 24 months following the Separation Date. Any such reimbursements will be subject to applicable tax reporting, withholding, and other legal requirements. "Repatriation Expenses" shall mean airfare for up to four tickets on commercial aircraft from the United States to France for you and your immediate family, costs of moving household and personal goods for you and your immediate family from the United States to France, the cost of paid, temporary housing for you for up to three months following the Separation Date, and if not previously paid, tuition coverage for your two children through the end of the academic term in which such separation occurs."

**(f) Section 409A.** The parties agree that the provisions of the Lucid Group, Inc. Executive Severance Benefit Plan and Summary Plan Description including Section 7(c) thereof, will be applicable to any and all deferred compensation, as referenced in Section 409A, under this Agreement.

**3. No Implied Employment Contract And Definition of Cause.** Nothing in this Agreement interferes with the right of the Company to discharge you for any reason at any time, with or without cause, which right is hereby expressly reserved. However, if the Company terminates your employment without Cause, you will become immediately eligible for the Severance Benefits; *provided* that you timely sign and do not revoke the Further Release and satisfy the other conditions herein. If, however, your employment with the Company terminates before the Separation Date, and your separation is deemed a "**for Cause**" termination, you will not be eligible for the Severance Benefits. As used in this Agreement, "**Cause**" means any of the following: (i) your willful failure to substantially perform your duties and responsibilities to the Company or willful violation of a Company policy; (ii) your commission of any act of fraud, embezzlement, dishonesty or any other willful misconduct that has caused or is reasonably expected to result in material injury to the Company; (iii) your conviction of a felony, any crime involving moral turpitude or a misdemeanor where imprisonment is imposed; (iv) your gross incompetence in performing your duties to the Company; (v) your material failure to comply with applicable laws or governmental regulations related to or in the course of your employment with or providing services to the Company; (vi) unauthorized use or disclosure by you of any proprietary information or trade secrets of the Company or any other party to whom you owe an obligation of nondisclosure as a result of your relationship with the Company; or (vii) your willful breach of any of your obligations under any written agreement or covenant with the Company, including, without limitation, this Agreement. The determination as to whether you are being terminated for Cause shall be made in good faith by the Company and shall be final and binding on you. The foregoing definition does not in any way limit the Company's ability to terminate your employment or consulting relationship at any time for any reason.

**4. No Other Compensation Or Benefits.** You acknowledge that, except as expressly provided in this Agreement and/or the Further Release, you will not receive from the Company any additional compensation (*e.g.*, salary, commissions, bonuses or equity), severance or benefits after the Separation Date, with the exception of any vested benefits you may have under the express terms of a written ERISA benefit plan (*e.g.*, 401(k) account).

**5. EMPLOYEE PROTECTIONS.**

**5.1** Notwithstanding anything to the contrary in this Agreement, nothing herein or in any other agreement between you and the Company of any of its affiliates limits your ability to voluntarily communicate with, provide information or documents to, testify before, comply with a subpoena from, or assist or otherwise participate in any manner with an investigation or proceeding conducted by, the Securities and Exchange Commission (the "**SEC**"), the Equal Employment Opportunity Commission (the "**EEOC**"), the National Labor Relations Board (the "**NLRB**"), the California Civil Rights Department (the "**CRD**"), Department of Labor ("DOL"), or any other federal, state or local governmental agency or commission ("**Government Agency**"), legislative body or self-regulatory organization regarding possible legal violations, in each case, without notice or disclosure to the Company. The Company will not retaliate against you for engaging in any of these activities, and nothing in the Agreement or in any other agreement between you and the Company of any of its affiliates requires you to waive any whistleblower award or other whistleblower-related payment that you might become entitled to from the SEC or any other Government Agency or self-regulatory organization. Moreover, nothing in this Agreement or otherwise requires you to notify the Company that you are going to make a report or disclosure to law enforcement.

**5.2** Further, nothing in this Agreement precludes you from filing a charge or claim with the SEC or a charge or claim of discrimination or unfair labor practice with the EEOC, NLRB or CRD, or a like charge or complaint with any other state or local fair employment or labor Government Agency. However, you may not receive a monetary award or any other form of personal relief from the Company or any other Released Party in connection with any charge or complaint that you have filed or is filed on your behalf with the EEOC, NLRB, CRD or any other similar state or local fair employment or labor Government Agency to the maximum extent permitted by law.

**5.3** The Defend Trade Secrets Act Of 2016 provides immunity in certain circumstances to Company employees, contractors, and consultants for limited disclosures of Company trade secrets. Specifically, Company employees, contractors, and consultants may disclose trade secrets: (a) in confidence, either directly or indirectly, to a Federal, State, or local government official, or to an attorney, "solely for the purpose of reporting or investigating a suspected violation of law," or (b) "in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Additionally, Company employees, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may also use and disclose related Trade Secrets in the following manner: (c) the individual may disclose the trade secret to their attorney, and (d) the individual may use the information in related court proceeding, as long as the individual files documents containing the trade secret under seal, and does not otherwise disclose the trade secret "except pursuant to court order." You shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that: (1) is made (a) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and (b) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Disclosures to attorneys, made under seal, or pursuant to court order are also protected in certain circumstances under 18 U.S.C. 1833.

**5.4** Nothing in this Agreement waives your right to testify in an administrative, legislative, or judicial proceeding when you have been required or requested to attend the proceeding pursuant to a court order, subpoena, or written request from an administrative agency or the legislature. Further, nothing in this Agreement prevents you from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful.

**5.5** The protections set forth in this paragraph constitute and shall be referred to as the "**Employee Protections**."

**6. Expense Reimbursements.** You agree that, within ten (10) business days following your Separation Date, you will submit your final documented expense reimbursement statement reflecting all business expenses you incurred through the Separation Date, if any, for which you seek reimbursement. The Company will reimburse you for these expenses pursuant to its policies and regular business practice.

**7. Return of Company Property.** Within five (5) business days from the date of this Agreement, and to the extent you have not already done so, you shall return to the Company all Company documents (and all copies thereof) and other Company property in your possession or control. You agree that you will make a diligent search to locate any such documents, property and information within the timeframe referenced above. In addition, if you have used any personally owned computer, server, or e-mail system to receive, store, review, prepare or transmit any confidential or proprietary data, materials or information of the Company, then within five (5) business days from the date of this Agreement, you must provide the Company with a computer-useable copy of such information and then permanently delete and expunge such confidential or proprietary information from those systems without retaining any reproductions (in whole or in part); and you agree to provide the Company access to your system, as requested, to verify that the necessary copying and deletion is done. **Your timely compliance with the provisions of this paragraph is a precondition to your receipt of the Severance Benefits provided hereunder. To the extent that the Company is made aware that you intentionally and/or materially failed to return any Company property after the payment of the Severance Benefits, following notice to you and a reasonable period to cure such failure, such failure to return shall be deemed a material breach of this Agreement and the Company shall have the right to demand and seek the return of the full value of the Severance Benefits.**

**8. Confidential Information Obligations.** You acknowledge access to and receipt of proprietary, confidential, and trade secret information regarding the Company and its affiliates while working ("**Proprietary Information**"). Proprietary Information means information (including any and all combinations of individual items of information) that the Company has or will develop, acquire, create, compile, discover or own, that has value in or to the Company's business which is not generally known and which the Company wishes to maintain as confidential. Proprietary Information includes both information disclosed by the Company to you, and information developed or learned by you during the course of your employment with the Company. Proprietary Information also includes all information of which the unauthorized disclosure could be detrimental to the interests of the Company, whether or not such information is identified as Proprietary Information.

By example, and without limitation, Proprietary Information includes any and all non-public information that relates to the actual or anticipated business and/or products, research or development of the Company, or to the Company's technical data, trade secrets, or know-how, including, but not limited to, research, product plans, or other information regarding the Company's products or services and markets, customer lists and customers (including, but not limited to, the identity of and contact information for customers or prospective customers of the Company on which you called or with which you may become acquainted during the term of your employment and their unique customer preferences and historical transaction data), proprietary software, developments, inventions, discoveries, ideas, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances (such as sales and profits), and other business information disclosed by the Company either directly or indirectly in writing, orally or by drawings or inspection of premises, parts, equipment, or other Company property.

Proprietary Information shall be understood to include any and all Company trade secrets (as defined under applicable state or federal law), but an item need not be a trade secret to qualify as Proprietary Information. An item of Proprietary Information will ordinarily constitute a trade secret under state or federal law if (a) it derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (b) it is the subject of efforts that are reasonable under the circumstances (or under federal law, using reasonable measures) to maintain its secrecy.

Notwithstanding the foregoing, Proprietary Information shall not include any such information which you can establish (i) was publicly known or made generally available prior to the time of disclosure by the Company to you; (ii) becomes publicly known or made generally available after disclosure by the Company to you through no wrongful action or omission by you; or (iii) is in your rightful possession, without confidentiality obligations, at the time of disclosure by the Company as shown by your then-contemporaneous written records; provided that any combination of individual items of information shall not be deemed to be within any of the foregoing exceptions merely because one or more of the individual items are within such exception, unless the combination as a whole is within such exception.

Proprietary Information will not include terms and conditions of employment of Company employees except where it is information concerning other employees that has been entrusted to you as a supervisor or manager or otherwise entrusted to you as part of confidential job duties (such as human resource management, payroll, or benefits administration) (a "Confidential Role"). You understand that nothing in this Agreement limits employees' rights to discuss the terms, wages, and working conditions of their employment, as protected by applicable law.

In addition to any confidentiality agreements you may have with the Company, you agree not to make Proprietary Information known to any member of the public. By signing this Agreement, you certify that you have (a) returned all Proprietary Information and all other Company property, such as office equipment, computers, cell phones, and security badges, as well as all copies or excerpts of any property, files or documents obtained as a result of employment with the Company, and (b) provided the Company with all log-in, password, account and similar information for any Company-related documents, programs, accounts, medical records, or other password-protected materials accessed or used by you in connection with work for the Company. You understand that the obligations in this section exclude and permit disclosure of information lawfully acquired by you about wages, hours or other terms and conditions of employment if used by you for purposes protected by section 7 of the NLRA (as described in the Protected Rights Section) and do not limit your right to make truthful statements or disclosures regarding unlawful employment practices or limit your access to or participate in a proceeding before the NLRB or any other government agency.

**9. CONFIDENTIALITY.** Subject to the Employee Protections, you acknowledge and agree that, except as modified below, nothing herein shall be construed to relieve you of your obligation to maintain and preserve the confidentiality of the Company's business confidential, proprietary information, trade secrets and sensitive information. This excludes and permits disclosure of information lawfully acquired by you about wages, hours or other terms and conditions of employment if used by you for purposes protected by § 7 of the NLRA. You agree to keep the financial terms of this Agreement confidential. You may disclose such terms: (a) if required to do so by law; (b) if necessary to implement this Agreement or to enforce the Agreement or any of its terms; (c) to the extent required by the Internal Revenue Service or equivalent state or local agencies; (d) to your attorneys, accountants and/or tax advisors in order to obtain professional advice within the scope of their representation; (e) to members of your immediate family who live in the same household; and (f) to any Government Agency or self-regulatory organization. All such individuals (other than any Government Agency or self-regulatory organization) are also bound by this confidentiality pledge and shall be advised of their obligations by the person disclosing before any disclosures are made concerning this Agreement. Nothing in this Section 9 is intended to or will be used in any way to limit the Employee Protections or your rights to make truthful statements or disclosures regarding unlawful employment practices or limit your access to participate in a proceeding before the NLRB. Without limiting the scope of the release of claims in this Agreement, nothing in this paragraph prohibits you from disclosing any facts or claims covered under California Code of Civil Procedure §§ 1001 or 1002 or where otherwise prohibited by law. You represent, however, that (A) none of the monies paid pursuant to this Agreement are intended to compensate you for any damages or injuries resulting from sexual harassment or sexual abuse; and (B) you do not contend and are not aware of any facts to suggest that you have been subjected at any time to any acts of sexual harassment or sexual abuse by the Company.

**10. NONDISPARAGEMENT.** Subject to the Employee Protections defined below, you agree not to disparage the Company or the Company's officers, directors, employees, shareholders, parents, subsidiaries, affiliates, and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation; *provided that* you may respond accurately and fully to any question, inquiry or request for information to the extent required by legal process. In addition, nothing in this paragraph or this Agreement is intended to prohibit or restrain you in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation, the National Labor Relations Act (NLRA), or under other applicable law or regulation. If contacted by a potential future employer regarding you, the Company will only provide dates of employment and positions held. You agree to refer all such requests for information solely to the Company's HR department. **Your timely compliance with the provisions of this paragraph is a precondition to your receipt of the Severance Benefits provided hereunder. To the extent that the Company is made aware that you have breached this paragraph after you have been paid the Severance Benefits, such a breach will be deemed a material breach of this Agreement and the Company shall have the right to demand and seek the return of the full value of the Severance Benefits in addition to all other remedies available under applicable law.**

**11. NO VOLUNTARY ADVERSE ACTION.** Subject to the Employee Protections, you agree that you will not voluntarily provide assistance, information, or advice, directly or indirectly (including through agents or attorneys), to any person who or entity that is not affiliated with a Government Agency, legislative body, law enforcement or a self-regulatory organization in connection with any proposed or pending litigation, arbitration, administrative claim, cause of action, or other formal proceeding of any kind brought against the Company, its parent or subsidiary entities, affiliates, officers, directors, employees, or agents, nor shall you induce or encourage any such person or entity to bring any such claims; *provided, however*, that you must respond accurately and truthfully to any question, inquiry, or request for information to the extent required by legal process (*e.g.*, a valid subpoena or other similar compulsion of law) or as part of a government investigation.

**12. COOPERATION.** Subject to the Employee Protections defined below. you agree to cooperate fully with the Company in connection with its actual or contemplated defense, prosecution, or investigation of any claims or demands by or against third parties, or other matters arising from events, acts, or failures to act that occurred during the period of your employment by the Company. Such cooperation includes, without limitation, making yourself available to the Company upon reasonable notice, without subpoena, to provide complete, truthful and accurate information in witness interviews, depositions, and trial testimony. The Company will reimburse you for reasonable out-of-pocket expenses you incur in connection with any such cooperation (excluding foregone wages, salary, or other compensation) and will make reasonable efforts to accommodate your scheduling needs.

**13. NO ADMISSIONS.** You understand and agree that the promises and payments in consideration of this Agreement shall not be construed to be an admission of any liability or obligation by the Company to you or to any other person, and that the Company makes no such admission.

**14. RELEASE OF CLAIMS.**

**14.1 General Release.** In exchange for the consideration provided to you under this Agreement, to which you would not otherwise be entitled, you hereby generally and completely release the Company, and its affiliated, related, parent, and subsidiary entities, and its and their current and former directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the "**Released Parties**") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date you sign this Agreement (collectively, the "**Released Claims**").

**14.2 Scope of Release.** The Released Claims include, but are not limited to: (i) all claims arising out of or in any way related to your employment with the Company, or the termination of that employment; (ii) all claims related to your compensation or benefits from the Company, including salary, bonuses, commissions, vacation, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under any and all laws, regulations, orders, or ordinances, including, but not limited to, the federal Civil Rights Act of 1964, the federal Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act (as amended by the Older Workers Benefit Protection Act), the Family and Medical Leave Act, California Labor Code (including, but not limited to, the Private Attorneys General Act ("**PAGA**")), the California Fair Employment and Housing Act, Cal. Gov't Code §§ 12900, 12940, and 12949, the Ralph Civil Rights Act, California Civil Code, §51.7, and the Tom Bane Civil Rights Act, California Civil Code §52.1, each as amended and including their implementing regulations. You further agree that you will not initiate a PAGA lawsuit against the Company or any of the Released Parties related to your employment or any other action, event, or incident that occurred prior to the date you sign this Agreement.

**14.3 Section 1542 Waiver.** YOU UNDERSTAND THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. In giving the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code, which reads as follows:

> **"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."**

You hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to your release of any unknown or unsuspected claims herein.

**15. Excluded Claims.** Notwithstanding the foregoing, the following are not included in the Released Claims (the "Excluded Claims"): (i) any rights or claims for indemnification you may have pursuant to any written indemnification agreement with the Company to which you are a party (including but not limited to any Indemnification Agreement (which remains in full force and effect)), or under applicable law or the Company's organizational documents (or any predecessor thereto); (ii) any rights which are not waivable as a matter of law; (iii) any rights you have to file or pursue a claim for workers' compensation or unemployment insurance; and (iv) any claims for breach of this Agreement. Subject to the Employee Protections, you hereby represent and warrant that, other than the Excluded Claims, you are not aware of any claims you have or might have against any of the Released Parties that are not included in the Released Claims. In addition, nothing in this Agreement prevents you from filing, cooperating with, or participating in any proceeding before any federal, state or other government agency, except that you acknowledge and agree and hereby waive your right to any monetary benefits in connection with any such claim, charge or proceeding before the Equal Employment Opportunity Commission ("EEOC"), National Labor Relations Board ("NLRB"), California Civil Rights Department ("CRD"), Department of Labor ("DOL"), Securities and Exchange Commission ("SEC"), or any analogous federal, state, or other government agency, to the extent allowed by applicable law. It is further understood that the releases contained in this Agreement are not intended to and do not waive, negate, alter or in any other way modify any (i) insurance coverage policy or policies that have been or may be applicable to you as an employee, officer, or director of the Company in accordance with the terms of any such policy or policies, including without limitation any officers' and directors' insurance liability policy or policies, (ii) any statutory indemnification rights or as otherwise set forth in the Company's Second Amended and Restated Certificate of Incorporation (or any predecessor thereto).

**16. Covenant Not To Sue**. A "covenant not to sue" is a legal term which means you promise not to file a lawsuit in court. It is different from the release of claims covered above in this Agreement. Besides waiving and releasing the claims set forth above, you further agree, subject to the Employee Protections, never to file a civil action or an arbitration demand against the Company or its affiliates in court or in any private arbitration forum for any Released Claims. If you sue Company or its affiliates in violation of this covenant, you shall be liable to Company for its reasonable attorneys' fees and other costs incurred in defending against such an action. Notwithstanding this covenant not to sue, you may bring a claim against Company or its affiliates if the claim is excluded from the releases herein, or to challenge the Agreement's validity under the ADEA.

**17. ADEA and Older Workers Benefit Protection Act Waiver.** You being forty (40) years of age or older, acknowledge that you are waiving and releasing any rights you may have under the Age Discrimination in Employment Act of 1967, as amended ("**ADEA**"), and that this waiver and release is knowing and voluntary. You and the Company agree that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date you sign this Further Release. You acknowledge that the consideration given for the waiver and this Agreement is in addition to anything of value to which you are already entitled. You further acknowledge that you have been advised in writing, as required by the ADEA, that:

**17.1** You should, and are hereby affirmatively instructed to, consult with an attorney prior to signing this Agreement;

**17.2** You have twenty-one (21) days in which to consider this Agreement (although you may choose voluntarily to sign it earlier);

**17.3** You have seven (7) days following the date you sign this Agreement to revoke this Agreement;

**17.4** This Agreement shall not become effective or enforceable until the revocation period has expired at 12:01 a.m. on the eighth (8th) day following your execution of this Agreement ("**Effective Date**");

**17.5** Nothing in this Agreement prevents or precludes you from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose a condition precedent, penalties or costs for doing so; and

**17.6** Should you choose to revoke this Agreement following your execution of same, you must do so by notifying the Company prior to the Effective Date of this Agreement. Any revocation within this period must: (1) clearly state that you are revoking this Agreement; (2) must be in writing and be signed by you; and (3) must be delivered to Russell Jones, Associate General Counsel, Labor & Employment at russelljones@lucidmotors.com. You understand and agree that you will not be entitled to the Severance Benefits if you revoke this Further Release.

**18. ARBITRATION**. You and the Company agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein released, shall be subject to arbitration in the county of your final place of employment, before Judicial Arbitration & Mediation Services ("JAMS"), pursuant to its Employment Arbitration Rules & Procedures ("JAMS Rules"). The arbitrator may grant injunctions and other relief in such disputes. The arbitrator shall administer and conduct any arbitration in accordance with the Federal Arbitration Act. The decision of the arbitrator shall be final, conclusive, and binding on the parties to the arbitration. The parties agree that the prevailing party in any arbitration shall be entitled to enforce the arbitration award in any court of competent jurisdiction. The Company shall pay all JAMS' arbitration fees in excess of $450. Each party shall separately pay for its respective counsel fees and expenses; provided, however, that the arbitrator shall award attorneys' fees and costs to the prevailing party, except as prohibited by law. The parties hereby agree to waive their right to have any dispute between them resolved in a court of law by a judge or jury.

**19. TAX CONSEQUENCES.** The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to you or made on your behalf under the terms of this Agreement. You agree and understand that you are responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. You further agree to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of (a) your failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company by reason of any such claims, including attorneys' fees and costs.

**20. ATTORNEYS' FEES.** In the event that either you or the Company brings an action to enforce or effect any rights under this Agreement, the prevailing party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such an action.

**21. ACCORD AND SATISFACTION.** You and the Company agree that this Agreement fully supersedes, nullifies and replaces any prior oral or written agreement regarding your entitlement to severance, including your Lucid Group, Inc. Executive Severance Benefit Plan Participation Agreement. The Parties further expressly agree that any rights afforded by your Lucid Group, Inc. Executive Severance Benefit Plan Participation Agreement are extinguished by this Agreement.

**22. VOLUNTARY EXECUTION OF AGREEMENT.** You are signing this Agreement voluntarily and without threat or inappropriate influence by Company, with the full intent of releasing all claims. You acknowledge that:

you have read the Agreement;

you have been represented by legal counsel of your choice or have voluntarily declined to hire an attorney to represent you;

you understand the terms and consequences of this Agreement and of the releases it contains;

you are fully aware of the legal and binding effect of this Agreement; and

if you work or reside in California, this Agreement is a negotiated severance agreement because it is voluntary, deliberate, and informed, provides consideration of value to you, and you have been given notice and an opportunity to retain an attorney or are represented by an attorney.

**23. GENERAL.** This Agreement, including **Exhibit A**, constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to this subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be modified by the court so as to be rendered enforceable to the fullest extent permitted by law, consistent with the intent of the parties. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Any waiver of a breach of this Agreement, or rights hereunder, shall be in writing and shall not be deemed to be a waiver of any successive breach or rights hereunder. This Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic signatures shall be equivalent to original signatures.

**LUCID USA, INC.**

By: /s/ Gale Halsey
Gale Halsey; Chief People Officer

September 4, 2026 7:54 AM PDT
Date

ACCEPTED AND AGREED:

/s/ Taoufiq Boussaid
Taoufiq Boussaid

September 2, 2026 10:08 PM PDT
Date

**EXHIBIT A**

**FURTHER RELEASE OF CLAIMS**

**[TO BE EXECUTED AFTER THE DECEMBER 31, 2026 SEPARATION DATE OR AN EARLIER DATE, IF YOUR EMPLOYMENT IS TERMINATED BY THE COMPANY, IN ITS SOLE DISCRETION, WITHOUT CAUSE]**

This Further Release of Claims ("**Further Release**") is entered into between Taoufiq Boussaid ("**you**") and Lucid USA, Inc. (hereinafter referred to as "**Lucid**" or the "**Company**"), as follows:

**1. RELEASE OF CLAIMS.**

**1.1 General Release.** In consideration for the compensation and benefits offered to you in Section 2.2 of the Separation Agreement and Release (the "**Agreement**") between you and the Company, expressly including the Severance Pay and Severance Benefit Payments, you hereby generally and completely release the Company, and its affiliated, related, parent, and subsidiary entities, and its and their current and former directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the "**Released Parties**") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date you sign this Further Release (collectively, the "**Released Claims**").

**1.2 Scope of Release.** The Released Claims include, but are not limited to:

(i) all claims arising out of or in any way related to your employment with the Company, or the termination of that employment; (ii) all claims related to your compensation or benefits from the Company, including salary, bonuses, commissions, vacation, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under any and all laws, regulations, orders, or ordinances, including, but not limited to, the federal Civil Rights Act of 1964, the federal Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act (as amended by the Older Workers Benefit Protection Act ("**OWBPA**")), the Family and Medical Leave Act, California Labor Code (including, but not limited to, the Private Attorneys General Act ("**PAGA**")), the California Fair Employment and Housing Act, Cal. Gov't Code §§ 12900, 12940, and 12949, the Ralph Civil Rights Act, California Civil Code, §51.7, and the Tom Bane Civil Rights Act, California Civil Code §52.1. You further agree that you will not initiate a PAGA lawsuit against the Company or any of the Released Parties related to your employment or any other action, event, or incident that occurred prior to the date you sign this Further Release.

**1.3 Section 1542 Waiver.** YOU UNDERSTAND THAT THIS FURTHER RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. In giving the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code, which reads as follows:

> **"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."**

You hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to your release of any unknown or unsuspected claims herein.

**2. Excluded Claims.** Notwithstanding the foregoing, the following are not included in the Released Claims (the "Excluded Claims"): (i) any rights or claims for indemnification you may have pursuant to any written indemnification agreement with the Company to which you are a party (including but not limited to any Indemnification Agreement (which remains in full force and effect)), or under applicable law or the Company's organizational documents (or any predecessor thereto); (ii) any rights which are not waivable as a matter of law; (iii) any rights you have to file or pursue a claim for workers' compensation or unemployment insurance; and (iv) any claims for breach of this Agreement. Subject to the Employee Protections as defined in the Agreement, you hereby represent and warrant that, other than the Excluded Claims, you are not aware of any claims you have or might have against any of the Released Parties that are not included in the Released Claims. In addition, nothing in this Agreement prevents you from filing, cooperating with, or participating in any proceeding before any federal, state or other government agency, except that you acknowledge and agree and hereby waive your right to any monetary benefits in connection with any such claim, charge or proceeding before the Equal Employment Opportunity Commission ("EEOC"), National Labor Relations Board ("NLRB"), California Civil Rights Department ("CRD"), Department of Labor ("DOL"), Securities and Exchange Commission ("SEC"), or any analogous federal, state, or other government agency, to the extent allowed by applicable law. It is further understood that the releases contained in this Agreement are not intended to and do not waive, negate, alter or in any other way modify any (i) insurance coverage policy or policies that have been or may be applicable to you as an employee, officer, or director of the Company in accordance with the terms of any such policy or policies, including without limitation any officers' and directors' insurance liability policy or policies, (ii) any statutory indemnification rights or as otherwise set forth in the Company's Second Amended and Restated Certificate of Incorporation (or any predecessor thereto).

**3. No Other Compensation or Benefits.** You acknowledge that, except as expressly provided in your Separation Agreement and/or this Further Release, you will not receive from the Company any additional compensation (*e.g.*, salary, commissions, bonuses or equity), severance or benefits after the Separation Date, with the exception of any vested benefits you may have under the express terms of a written ERISA benefit plan (*e.g.*, 401(k) account).

**4. Expense Reimbursements.** You agree that, within ten (10) business days following your Separation Date, you will submit your final documented expense reimbursement statement reflecting all business expenses you incurred through the Separation Date, if any, for which you seek reimbursement. The Company will reimburse you for these expenses pursuant to its regular business practice.

**5. Return of Company Property.** Within five (5) business days from the date of this Further Release, and to the extent you have not already done so, you shall return to the Company all Company documents (and all copies thereof) and other Company property in your possession or control. You agree that you will make a diligent search to locate any such documents, property and information within the timeframe referenced above. In addition, if you have used any personally owned computer, server, or e-mail system to receive, store, review, prepare or transmit any confidential or proprietary data, materials or information of the Company, then within five (5) business days from the date of this Further Release, you must provide the Company with a computer-useable copy of such information and then permanently delete and expunge such confidential or proprietary information from those systems without retaining any reproductions (in whole or in part); and you agree to provide the Company access to your system, as requested, to verify that the necessary copying and deletion is done. **Your timely compliance with the provisions of this paragraph is a precondition to your receipt of the Severance Benefits provided hereunder. To the extent that the Company is made aware that you intentionally and/or materially failed to return any Company property after the payment of the Severance Benefits, following notice to you and a reasonable period to cure such failure, such failure to return shall be deemed a material breach of this Further Release and the Company shall have the right to demand and seek the return of the full value of the Severance Benefits.**

**6. Confidential Information Obligations.** You acknowledge access to and receipt of proprietary, confidential, and trade secret information regarding the Company and its affiliates while working ("**Proprietary Information**"). Proprietary Information means information (including any and all combinations of individual items of information) that the Company has or will develop, acquire, create, compile, discover or own, that has value in or to the Company's business which is not generally known and which the Company wishes to maintain as confidential. Proprietary Information includes both information disclosed by the Company to you, and information developed or learned by you during the course of your employment with the Company. Proprietary Information also includes all information of which the unauthorized disclosure could be detrimental to the interests of the Company, whether or not such information is identified as Proprietary Information.

By example, and without limitation, Proprietary Information includes any and all non-public information that relates to the actual or anticipated business and/or products, research or development of the Company, or to the Company's technical data, trade secrets, or know-how, including, but not limited to, research, product plans, or other information regarding the Company's products or services and markets, customer lists and customers (including, but not limited to, the identity of and contact information for customers or prospective customers of the Company on which you called or with which you may become acquainted during the term of your employment and their unique customer preferences and historical transaction data), proprietary software, developments, inventions, discoveries, ideas, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances (such as sales and profits), and other business information disclosed by the Company either directly or indirectly in writing, orally or by drawings or inspection of premises, parts, equipment, or other Company property.

Proprietary Information shall be understood to include any and all Company trade secrets (as defined under applicable state or federal law), but an item need not be a trade secret to qualify as Proprietary Information. An item of Proprietary Information will ordinarily constitute a trade secret under state or federal law if (a) it derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (b) it is the subject of efforts that are reasonable under the circumstances (or under federal law, using reasonable measures) to maintain its secrecy.

Notwithstanding the foregoing, Proprietary Information shall not include any such information which you can establish (i) was publicly known or made generally available prior to the time of disclosure by the Company to you; (ii) becomes publicly known or made generally available after disclosure by the Company to you through no wrongful action or omission by you; or (iii) is in your rightful possession, without confidentiality obligations, at the time of disclosure by the Company as shown by your then-contemporaneous written records; provided that any combination of individual items of information shall not be deemed to be within any of the foregoing exceptions merely because one or more of the individual items are within such exception, unless the combination as a whole is within such exception.

Proprietary Information will not include terms and conditions of employment of Company employees except where it is information concerning other employees that has been entrusted to you as a supervisor or manager or otherwise entrusted to you as part of confidential job duties (such as human resource management, payroll, or benefits administration) (a "Confidential Role"). You understand that nothing in this Agreement limits employees' rights to discuss the terms, wages, and working conditions of their employment, as protected by applicable law.

In addition to any confidentiality agreements you may have with the Company, you agree not to make Proprietary Information known to any member of the public. By signing this Further Release, you certify that you have (a) returned all Proprietary Information and all other Company property, such as office equipment, computers, cell phones, and security badges, as well as all copies or excerpts of any property, files or documents obtained as a result of employment with the Company, and (b) provided the Company with all log-in, password, account and similar information for any Company-related documents, programs, accounts, medical records, or other password-protected materials accessed or used by you in connection with work for the Company. You understand that the obligations in this section exclude and permit disclosure of information lawfully acquired by you about wages, hours or other terms and conditions of employment if used by you for purposes protected by section 7 of the NLRA (as described in the Protected Rights Section) and do not limit your right to make truthful statements or disclosures regarding unlawful employment practices or limit your access to or participate in a proceeding before the NLRB or any other government agency.

**7. CONFIDENTIALITY.** Subject to Employee Protections, you acknowledge and agree that, except as modified below, nothing herein shall be construed to relieve you of your obligation to maintain and preserve the confidentiality of the Company's business confidential, proprietary information, trade secrets and sensitive information. This excludes and permits disclosure of information lawfully acquired by you about wages, hours or other terms and conditions of employment if used by you for purposes protected by § 7 of the NLRA. You agree to keep the financial terms of this Further Release confidential. You may disclose such terms: (a) if required to do so by law; (b) if necessary to implement this Further Release or to enforce the Further Release or any of its terms; (c) to the extent required by the Internal Revenue Service or equivalent state or local agencies; (d) to your attorneys, accountants and/or tax advisors in order to obtain professional advice within the scope of their representation; (e) to members of your immediate family who live in the same household; and (f) to any Government Agency or self-regulatory organization. All such individuals (other than any Government Agency or self-regulatory organization) are also bound by this confidentiality pledge and shall be advised of their obligations by the person disclosing before any disclosures are made concerning this Further Release. Nothing in this Further Release is intended to or will be used in any way to limit your rights to make truthful statements or disclosures regarding unlawful employment practices or limit your access to participate in a proceeding before the NLRB. Without limiting the scope of the release of claims in this Further Release, nothing in this paragraph prohibits you from disclosing any facts or claims covered under California Code of Civil Procedure §§ 1001 or 1002 or where otherwise prohibited by law. You represent, however, that (A) none of the monies paid pursuant to this Further Release are intended to compensate you for any damages or injuries resulting from sexual harassment or sexual abuse; and (B) you do not contend and are not aware of any facts to suggest that you have been subjected at any time to any acts of sexual harassment or sexual abuse by the Company.

**8. NONDISPARAGEMENT.** Subject to the Employee Protections defined in the Agreement, you agree not to disparage the Company or the Company's officers, directors, employees, shareholders, parents, subsidiaries, affiliates, and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation; *provided that* you may respond accurately and fully to any question, inquiry or request for information to the extent required by legal process. In addition, nothing in this paragraph or this Further Release is intended to prohibit or restrain you in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation, the National Labor Relations Act (NLRA), or under other applicable law or regulation. If contacted by a potential future employer regarding you, the Company will only provide dates of employment and positions held. You agree to refer all such requests for information solely to the Company's HR department. **Your timely compliance with the provisions of this paragraph is a precondition to your receipt of the Severance Benefits provided hereunder. To the extent that the Company is made aware that you have breached this paragraph after you have been paid the Severance Benefits, such a breach will be deemed a material breach of this Further Release and the Company shall have the right to demand and seek the return of the full value of the Severance Benefits in addition to all other remedies available under applicable law.**

**9. NO VOLUNTARY ADVERSE ACTION.** Subject to the Employee Protections defined in the Agreement, you agree that you will not voluntarily provide assistance, information, or advice, directly or indirectly (including through agents or attorneys), to any person or entity in connection with any proposed or pending litigation, arbitration, administrative claim, cause of action, or other formal proceeding of any kind brought against the Company, its parent or subsidiary entities, affiliates, officers, directors, employees, or agents, nor shall you induce or encourage any person or entity to bring any such claims; *provided*, *however*, that you must respond accurately and truthfully to any question, inquiry, or request for information to the extent required by legal process (e.g., a valid subpoena or other similar compulsion of law) or as part of a government investigation.

**10. COVENANT NOT TO SUE.** A "covenant not to sue" is a legal term which means you promise not to file a lawsuit in court. It is different from the release of claims covered above in this Further Release. Besides waiving and releasing the claims set forth above, you further agree, subject to the Employee Protections, never to file a civil action or an arbitration demand against the Company or its affiliates in any court or in any private arbitration forum for any Released Claims. If you sue Company or its affiliates in violation of this covenant, you shall be liable to Company for its reasonable attorneys' fees and other costs incurred in defending against such an action. Notwithstanding this covenant not to sue, you may bring a claim against Company or its affiliates if the claim is excluded from the releases herein, or to challenge the Agreement's validity under the ADEA.

**11. COOPERATION.** Subject to the Employee Protections defined in the Agreement. you agree to cooperate fully with the Company in connection with its actual or contemplated defense, prosecution, or investigation of any claims or demands by or against third parties, or other matters arising from events, acts, or failures to act that occurred during the period of your employment by the Company. Such cooperation includes, without limitation, making yourself available to the Company upon reasonable notice, without subpoena, to provide complete, truthful and accurate information in witness interviews, depositions, and trial testimony. The Company will reimburse you for reasonable out-of-pocket expenses you incur in connection with any such cooperation (excluding foregone wages, salary, or other compensation) and will make reasonable efforts to accommodate your scheduling needs.

**12. NO ADMISSIONS.** You understand and agree that the promises and payments in consideration of this Further Release shall not be construed to be an admission of any liability or obligation by the Company to you or to any other person, and that the Company makes no such admission.

**13. ADEA AND OLDER WORKERS BENEFIT PROTECTION ACT WAIVER.** You, being forty (40) years of age or older, acknowledge that you are waiving and releasing any rights you may have under the Age Discrimination in Employment Act of 1967, as amended ("**ADEA**"), and that this waiver and release is knowing and voluntary. You and the Company agree that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date you sign this Further Release. You acknowledge that the consideration given for the waiver and this Further Release is in addition to anything of value to which you are already entitled. You further acknowledge that you have been advised in writing, as required by the ADEA, that:

**13.1** You should, and are hereby affirmatively instructed to, consult with an attorney prior to signing this Further Release;

**13.2** You have forty-five (45) days in which to consider this Further Release (although you may choose voluntarily to sign it earlier);

**13.3** You have seven (7) days following the date you sign this Further Release to revoke this Further Release;

**13.4** This Further Release shall not become effective or enforceable until the revocation period has expired at 12:01 a.m. on the eighth (8th) day following your execution of this Further Release ("**Effective Date**");

**13.5** Nothing in this Further Release prevents or precludes you from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose a condition precedent, penalties or costs for doing so; and

**13.6** Should you choose to revoke this Further Release following your execution of same, you must do so by notifying the Company prior to the Effective Date of the Further Release. Any revocation within this period must: (1) clearly state that you are revoking this Further Release; (2) must be in writing and be signed by you; and (3) must be delivered to Russell Jones, Associate General Counsel, Labor & Employment at russelljones@lucidmotors.com. You understand and agree that you will not be entitled to the Severance Benefits if you revoke this Further Release.

**14. ARBITRATION.** You and the Company agree that any and all disputes arising out of the terms of this Further Release, their interpretation, and any of the matters herein released, shall be subject to arbitration in the county of your final place of employment, before Judicial Arbitration & Mediation Services ("JAMS"), pursuant to its Employment Arbitration Rules & Procedures ("JAMS Rules"). The arbitrator may grant injunctions and other relief in such disputes. The arbitrator shall administer and conduct any arbitration in accordance with the Federal Arbitration Act. The decision of the arbitrator shall be final, conclusive, and binding on the parties to the arbitration. The parties agree that the prevailing party in any arbitration shall be entitled to enforce the arbitration award in any court of competent jurisdiction. The Company shall pay all JAMS' arbitration fees in excess of $450. Each party shall separately pay for its respective counsel fees and expenses; provided, however, that the arbitrator shall award attorneys' fees and costs to the prevailing party, except as prohibited by law. The parties hereby agree to waive their right to have any dispute between them resolved in a court of law by a judge or jury.

**15. TAX CONSEQUENCES.** The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to you or made on your behalf under the terms of this Further Release. You agree and understand that you are responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. You further agree to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of (a) your failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company by reason of any such claims, including attorneys' fees and costs.

**16. ATTORNEYS' FEES.** In the event that either you or the Company brings an action to enforce or effect any rights under this Further Release, the prevailing party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such an action.

**17. Accord And Satisfaction.** You and the Company agree that this Further Release fully supersedes, nullifies and replaces any prior oral or written agreement regarding your entitlement to severance, including your Lucid Group, Inc. Executive Severance Benefit Plan Participation Agreement. The Parties further expressly agree that any rights afforded by your Lucid Group, Inc. Executive Severance Benefit Plan Participation Agreement are extinguished by this Further Release.

**18. Representations.** You hereby represent that you have been paid all compensation owed and for all hours worked, have received all the leave and leave benefits and protections for which you are eligible pursuant to the California Family Rights Act and the federal Family and Medical Leave Act, any applicable law or Company policy, and have not suffered any on-the-job injury for which you have not already filed a workers' compensation claim.

**19. Voluntary Execution Of Agreement.** You are signing this Further Release voluntarily and without threat or inappropriate influence by Company, with the full intent of releasing all claims. You acknowledge that:

you have read the Further Release;

you have been represented by legal counsel of your choice or have voluntarily declined to hire an attorney to represent you;

you understand the terms and consequences of this Further Release and of the releases it contains;

you are fully aware of the legal and binding effect of this Further Release; and

if you work or reside in California, this Further Release is a negotiated severance agreement because it is voluntary, deliberate, and informed, provides consideration of value to you, and you have been given notice and an opportunity to retain an attorney or are represented by an attorney.

**20. General.** This Further Release, including the Separation Agreement, constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to this subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Further Release may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Further Release will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Further Release is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Further Release and the provision in question will be modified by the court so as to be rendered enforceable to the fullest extent permitted by law, consistent with the intent of the parties. This Further Release shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Any waiver of a breach of this Further Release, or rights hereunder, shall be in writing and shall not be deemed to be a waiver of any successive breach or rights hereunder. This Further Release may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic signatures shall be equivalent to original signatures.

**Lucid USA, Inc.**

By: _____
Gale Halsey; Chief People Officer

Accepted and Agreed:

_____
Taoufiq Boussaid

**Exhibit 10.3**

June 30, 2026

Alexander De Bock

Re: Offer of Employment

Dear Alexander,

It gives me great pleasure to offer you the exempt position with Lucid USA, Inc. (doing business as Lucid Motors) (the "Company") as Senior Vice President and Chief Financial Officer, reporting to Silvio Napoli, Chief Executive Officer. You will start on a date mutually agreed upon between you and the Company (the date you commence your employment with the Company, the "Hire Date"). The terms and conditions of your employment with the Company will be as set forth below.

**Base Salary and Other Compensation**

You will be paid the following compensation during your employment:

- You will be paid a base salary of $28,846.16 per bi-weekly pay period ($750,000 annualized), less applicable tax and other withholdings.

- In addition to your base salary, you will be eligible to an incentive bonus targeted at 150% of your base salary based upon the Company's performance and your individual performance. The bonus will be paid in the first half of the following year on a date determined by the Board of Directors.

  For CY2026, Lucid commits to pay your incentive bonus at the greater of (a) 150% of base pay, prorated for the proportion of 2026 worked, or (b) actual achievement, similarly prorated.

- The Company is pleased to offer you a one-time sign-on bonus of $1,100,000 less applicable taxes and other withholdings. This sign-on bonus will be paid within thirty days of your Hire Date.

  In addition, the Company will offer you an additional one-time sign-on bonus of $600,000 less applicable taxes and other withholdings. This additional sign-on bonus will be paid in January 2027, provided that you remain employed by the Company on the payment date. This additional sign-on bonus is not earned, and no portion of it accrues or vests, before the payment date.

- Your place of employment will be Newark, California. You will be required to travel as needed for business purposes. You understand and agree that your typical in-office requirements are from midday Monday to midday Friday each week.

- You will receive relocation support consistent with your executive role through the Company's managed relocation program.

- Starting on the date of your choosing (but in no event longer than twelve months after your Hire Date), you will become eligible for temporary housing reimbursement. Such reimbursement is a maximum of $15,000/month; this will be taxable income for you and will be grossed up for taxes. Lucid will reimburse your temporary housing for up to six months.

Further, between your Hire Date and February 1, 2027, you will be reimbursed for up to 20 round trip flights to and from the Bay Area and the Detroit metropolitan area. The value of these flights will be taxable income to you and not grossed up.

**Severance**

You will be eligible to participate in the Lucid Group, Inc. Executive Severance Benefit Plan (the "Severance Plan"). Upon your acceptance of this Offer and after your start of employment with the Company and the successful completion (as determined by the Company in its sole discretion) of your background check, you will receive a Participation Agreement for your review and signature. Subject to your acceptance of this Participation Agreement under the Severance Plan and the successful completion (as determined by the Company in its sole discretion) of your background check, you will be eligible for the severance benefits described in the Severance Plan and your Participation Agreement.

In addition to any severance that you may be eligible to receive under the Severance Plan, and unless it would be duplicative of any other benefit that you may become entitled to, if you are terminated without Cause (as defined in the Severance Plan) or experience a Constructive Termination (as defined in the Severance Plan), subject to your satisfaction of the release requirement set forth in the Severance Plan, you will also be eligible to receive (a) 75% of your annual target bonus (e.g., 75% of 150% of base salary) and (b) immediate vesting of one-third of your then-unvested stock awards, provided that, in the case of any unvested and unearned performance-based restricted stock units ("PSUs"), Lucid will deem PSUs to be service-vested, and payout of such PSUs will be made upon certification of the actual achievement of performance conditions.

**Employee Benefits**

You will be eligible to participate in the Company employee benefit plans that the Company makes available to similarly situated employees. The Company provides a competitive benefit package that currently includes major medical, vision, and dental insurance plans, paid time off, flexible spending account and a 401(k) program. The eligibility dates of the benefits are as follows:

- Group health insurance benefits: commence on Hire Date
- Vacation days and sick days: accrual starts on Hire Date
- Flexible spending account: eligibility starts on Hire Date but can take up to three pay periods before any payroll deductions are actually deposited into account
- 401(k) program: eligibility starts on Hire Date but can take up to three pay periods before any payroll deductions are actually deposited into account
- Management Car Program: you will be eligible for one car under this program
- Tax & financial planning: you can be reimbursed up to $10,000 yearly (no gross up)

**Equity-based Awards**

The Company has agreed to provide you with new hire equity-based awards having a total grant value of $7,500,000. Such equity-based awards will be allocated through two awards as follows, subject to commencement of your employment with the Company (collectively, the "Sign-On Awards"):

- RSUs: An award of restricted stock units ("RSUs") with a grant value of $2,500,000. The RSUs will generally be eligible to vest over four years as follows: 1/4 will be eligible to vest on the first Company Vesting Date (as defined below) to occur on or following the first anniversary of your Hire Date, and 1/16 of the total RSUs granted will vest quarterly thereafter on each subsequent Company Vesting Date, subject to your continued employment through each vesting date. "Company Vesting Date" means March 5, June 5, September 5, and December 5 of each calendar year.

- Performance-based restricted stock units ("PSUs"): The Company has agreed to provide you with an award, under the CY2026 performance cycle that is to be established by the Board, of PSUs with a grant value of $5,000,000. The PSUs will generally provide you with the opportunity to earn shares of Lucid Group, Inc. stock (and/or cash equivalent) based on the satisfaction of key corporate objectives, individual objectives and/or LCID stock price objectives for the performance cycle duration which will be established by the Board.

The number of RSUs and PSUs granted in respect of the Sign-On Awards will be determined using the Company's standard conversion methodology. The Sign-On Awards are subject in all respects to approval by the Board and the terms and conditions of the applicable equity incentive plan and award agreements, which you will be required to enter into to receive the Sign-On Awards.

You will be eligible to receive future annual LTI awards, beginning in 2027, with a target grant value of $2,000,000, provided that such target grant value is subject to upward or downward adjustment in the Board's discretion, based on your individual performance and the Company's performance.

**Performance Cash Bonus**

You will be eligible to receive a performance-based cash bonus, subject to your commencement of employment with the Company, with a maximum payout opportunity of $2,500,000 if maximum performance is achieved (the "*Performance Cash Bonus*"), segmented into five equal tranches of $500,000. Each tranche of the Performance-Based Cash Bonus may only be earned if both the time-based and performance-based vesting conditions applicable to such tranche are met. The performance period for the Performance Cash Bonus will commence on the Hire Date and end on the fourth anniversary of the Hire Date (the "*Performance Period*", and such last day of the Performance Period, the "*Fourth Anniversary*"). The performance-based vesting condition for a tranche will be satisfied if such tranche's Market Capitalization Performance Hurdle (as defined below) is achieved during the Performance Period, with performance-based vesting to occur upon the Board's certification of the achievement of the Market Capitalization Performance Hurdle (the date of such certification, the "*Performance-Based Vesting Date*"). To the extent the Performance-Based Vesting Date for a given tranche has occurred on or before the Applicable Anniversary (as defined below) for such tranche, such tranche will time vest on its Applicable Anniversary, subject to your continued employment with the Company through such time-vesting date. To the extent the Performance-Based Vesting Date for a given tranche occurs after its Applicable Anniversary but before the end of the Performance Period (or, to the extent the Market Capitalization Performance Hurdle was achieved prior to the end of the Performance Period but performance had not been certified by the Board prior to the end of the Performance Period, the Performance-Based Vesting Date shall be deemed to occur as soon as practicable following the end of the Performance Period), such tranche will vest on its Performance-Based Vesting Date, subject to your continued employment with the Company through the Performance-Based Vesting Date.

The "*Market Capitalization Performance Hurdle*" for a given tranche of the Performance Cash Bonus means the following Average Market Capitalization (as defined below) is achieved during the Performance Period: (i) $5.0 billion for tranche 1; (ii) $7.5 billion for tranche 2; (iii) $10.0 billion for tranche 3; (iv) $12.5 billion for tranche 4 and (v) $17.5 billion for tranche 5. The Market Capitalization Performance Hurdle will only be satisfied if Lucid Group, Inc.'s Average Market Capitalization during the Performance Period meets or exceeds the Market Capitalization Performance Hurdle applicable to such tranche. There will be no interpolation between Market Capitalization Performance Hurdles.

- "*Average Market Capitalization*" means the volume-weighted average of Lucid Group, Inc.'s Market Capitalization (as defined below) for the 60 consecutive trading days preceding a given date.

- "*Market Capitalization*" shall mean the product of (x) the closing price of a share of Lucid Group, Inc.'s class A common stock ("***Share***") on the Nasdaq on a given date and (y) the number of issued and outstanding Shares on such day.

"Applicable Anniversary" shall mean (i) the second anniversary of the Hire Date for tranche 1; (ii) the third anniversary of the Hire Date for tranches 2 and 3; and (iii) the fourth anniversary of the Hire Date for tranches 4 and 5.

**Proof of Right to Work**

Your employment is contingent upon providing appropriate documentation for the completion of your new hire forms, including proof that you are presently eligible to work in the United States for I-9 form purposes. Failure to provide appropriate documentation within three days of your hire date will result in immediate termination of employment in accordance with the terms of the Immigration Reform and Control Act.

**Confidential Information and Invention Assignment Agreement; Arbitration Agreement**

Your acceptance of this offer and commencement of employment with the Company is contingent upon the execution, and delivery to an officer of the Company, of the Company's (i) Confidential Information and Invention Assignment Agreement and (ii) Arbitration Agreement, in each case, prior to or on your Hire Date.

**Background Checks**

This offer is contingent upon the successful completion (as determined by the Company) of any background or reference checks desired by the Company.

**Release From Restrictive Covenants; No Other Restrictions**

This offer is contingent upon the Company obtaining any waiver from your current employer as the Company deems necessary to release you, the Company and/or its affiliates, as applicable, from any restrictive covenants that you, the Company and/or its affiliates is subject to with respect to your current employer that could prevent, hinder or interfere with your acceptance of this offer or the exercise of your best efforts in the performance of your duties to the Company or any of its affiliates.

You hereby represent that you are otherwise not subject to any restrictive covenants that could prevent, hinder or interfere with your acceptance of this offer or the exercise of your best efforts in the performance of your duties to the Company or any of its affiliates.

**Driver's License Information**

If driving will be one of the essential functions of your job, as a further condition of your employment, you must: (a) authorize the Company to conduct a DMV (or similar) check of your driving record; (b) have maintained an excellent driving record (as determined by the Company in its discretion) for at least the past five (5) years; (c) currently have the appropriate license for the type of driving you will be doing on behalf of the Company; (d) maintain the appropriate license for the type of driving you will be doing on behalf of the Company at all times during your employment; and (e) maintain an excellent driving record at all times during your employment with the Company.

**Return of Materials**

Prior to your employment with the Company, you shall return all materials to your former employer or client, including any electronic storage devices, and ensure that you have not retained any files or records of your former employer or client on any media, including cloud-based storage systems.

**Recoupment Policy**

You acknowledge and agree that any Covered Compensation (as defined in the Company's Compensation Recoupment Policy (as may be amended from time to time, the "Recoupment Policy")) that you receive in the future from the Company or its affiliates shall be subject to the Recoupment Policy.

**At-Will Employment**

Your employment with the Company is "at will," and thus you or the Company may terminate our employment relationship at any time, with or without cause or advance notice. The Company reserves the right to change your position, duties, compensation, and/or employee benefits at any time on a prospective basis; the commitments afforded to you via your inclusion in the Severance Plan may be applicable to any such changes depending on the specific circumstances. This offer shall be governed by and construed under the laws of the state of California.

**Integration and Modification**

This offer, together with any other documents described herein, sets forth the terms and conditions of our offer of employment with the Company, and supersedes any prior representations or agreements concerning your employment with the Company, whether written or oral. You acknowledge and agree that you are not relying on any statements or representations concerning the Company or your employment with the Company.

We welcome you to Lucid Motors and look forward to working with you. We trust that it will be a mutually rewarding experience. Please confirm your acceptance of this offer by signing and dating this offer on the spaces below and returning it to me.

Sincerely,

/s/ Gale Halsey
Gale Halsey
Senior Vice President, People

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I have read and understand the terms and conditions set forth in this offer. Furthermore, in choosing to accept this employment with Lucid USA, Inc. (dba Lucid Motors), I agree that I am not relying on any representations, whether verbal or written, except as specifically set forth in this offer.

/s/ Alexander De Bock
Alexander De Bock

**Exhibit 10.4**

August 14, 2026

Marc Winterhoff

Re: Separation Agreement and Release

Marc:

This letter sets forth the substance of the Separation Agreement and Release (the "**Agreement**") that Lucid USA, Inc. (the "**Company**") is offering to you in conjunction with your employment transition.

**1. SEPARATION DATE.** Your last day of work with the Company and your employment termination date was **June 22, 2026** (the "**Separation Date**"). On the Separation Date, the Company paid you all accrued salary and vacation earned through the Separation Date, subject to standard payroll deductions and withholdings. You are entitled to these payments regardless of this Agreement.

**2. SEVERANCE BENEFITS.** If you sign and return this Agreement to the Company within the timeframe set forth below, and you do not revoke this Agreement and allow it to become effective and further comply fully with your obligations hereunder, then the Company will provide you with the following severance benefits (the "**Severance Benefits**"):

**2.1 Severance Pay.** The Company will pay you, as cash severance, a lump sum payment equivalent to your base salary in effect as of the Separation Date for a period of twelve (12) months (which equals a total amount of **$1,000,000**, subject to standard payroll deductions and withholdings ("**Severance Pay**")). Your Severance Pay will be paid in one lump sum, less standard payroll deductions and withholdings, on the first payroll date after the sixtieth ($60^{th}$) day following the Separation Date.

**2.2 COBRA Payment**. If you are eligible for and timely elect continued group health coverage under COBRA, the Company will pay you a lump sum amount of $22,214.28, which is approximately equal to the full cost of your monthly COBRA premium payments for yourself and your eligible dependents, plus a tax gross-up payment for applicable taxes ("COBRA Payment"). Your COBRA Payment will be paid on the first payroll date on or after the sixtieth ($60^{th}$) day following the Separation Date and will be subject to standard payroll deductions and withholdings. You acknowledge and agree that the COBRA Payment does not include amounts, if any, payable by you under a health care reimbursement plan, which amounts are your sole responsibility.

**2.3 Annual Bonus.** The Company will pay you, as additional cash severance, a prorated annual bonus for the 2026 calendar year in the amount of $375,000 ("Bonus Payment"). The Company will pay you the Bonus Payment, less standard payroll deductions and withholdings, on the first payroll date on or after the sixtieth ($60^{th}$) day following the Separation Date. You understand and agree that you will not receive any additional annual bonus amount for the 2026 calendar year and that you will not receive a bonus for the 2027 calendar year.

**2.4 Transfer of MCP Vehicle.** During your employment with the Company, you participated in the Company's Manager Car Program ("MCP"). As additional consideration for this Agreement, the Company has agreed to offer to transfer to you the ownership of the MCP vehicle assigned to you during your employment, or a similar make and model in the Company's sole discretion ("MCP Vehicle"). You agree to execute any documents necessary to effectuate the transfer of the MCP Vehicle. You and the Company acknowledge that the transfer of the MCP Vehicle to you may result in imputed income for tax purposes. To offset that resulting tax liability, the Company agrees to pay to you an additional cash payment in an amount sufficient to cover federal, state, and local taxes incurred as a result of the transfer. The cost of the MCP Vehicle including tax gross-up will not exceed $99,000.

**2.5 Accelerated Vesting.** You were granted certain Premium Priced Stock Options ("PSOs"), Restricted Stock Units ("RSUs") and Performance Stock Units ("PSUs") as part of your offer of employment (Grant Dates December 4, 2023 & June 21, 2024) and additional RSUs with your appointment as "Interim Chief Executive Officer" (Grant Date February 21, 2025) (all such equity awards, the "Accelerated Vesting Eligible Awards"). Under the terms of the plan governing these RSUs and PSUs, vesting of all RSUs and PSUs will cease as of the Separation Date. However, pursuant to your Lucid Group, Inc. Executive Severance Benefit Plan Participation Agreement, effective as of the Effective Date, you will be entitled to 100% accelerated vesting of the Accelerated Vesting Eligible Awards that have not vested as of the Separation Date (the "Accelerated Awards"). You acknowledge that the accelerated vesting of the Accelerated Awards may impact the tax treatment associated with the RSUs and PSUs and the Company makes no representations or warranties as to the applicable tax treatment. All Your PSOs, RSUs and PSUs will otherwise be subject to the terms of the plans and grant documents pursuant to which they were granted. Further your RSU and PSU granted as part of the 2025 annual award cycle (Grant Dates June 17, 2025 and August 7, 2025) will cease to vest as of the Separation Date.

**2.6 Fencing.** Lucid agrees to pay the amount required to complete the current fencing project at your personal residence located at 17150 Los Robles Way, Los Gatos, CA ("Fencing Payment") being performed by Black Mountain Construction Inc. However, the amount of the Fencing Payment is capped at **$95,000**, regardless of whether the fence has been completed or completed to your satisfaction. Other than making the Fencing Payment under this Agreement, you agree that Lucid is in no way responsible for the fencing in any way, and any disputes that you may have with any fencing provider.

**2.7 Section 409A**. The parties agree that the provisions of the Lucid Group, Inc. Executive Severance Benefit Plan and Summary Plan Description including Section 7(c) thereof, will be applicable to any and all deferred compensation, as referenced in Section 409A, under this Agreement.

**3. NO OTHER COMPENSATION OR BENEFITS.** You acknowledge that, except as expressly provided in this Agreement, you did not earn by the Separation Date and will not receive from the Company any additional compensation (*e.g.*, salary, commissions, bonuses or equity), severance or benefits after the Separation Date, with the exception of any vested benefits you may have under the express terms of a written ERISA benefit plan (*e.g.*, 401(k) account).

**4. EXPENSE REIMBURSEMENTS.** You agree that, within ten (10) days after the date of this Agreement, you will submit your final documented expense reimbursement statement reflecting all business expenses you incurred through the Separation Date, if any, for which you seek reimbursement. The Company will reimburse you for these expenses pursuant to its regular business practice.

**5. RETURN OF COMPANY PROPERTY.** Within five (5) business days from the date of this Agreement, and to the extent you have not already done so, you shall return to the Company all Company documents (and all copies thereof) and other Company property in your possession or control. You agree that you will make a diligent search to locate any such documents, property and information within the timeframe referenced above. In addition, if you have used any personally owned computer, server, or e-mail system to receive, store, review, prepare or transmit any confidential or proprietary data, materials or information of the Company, then within five (5) business days from the date of this Agreement, you must provide the Company with a computer- useable copy of such information and then permanently delete and expunge such confidential or proprietary information from those systems without retaining any reproductions (in whole or in part); and you agree to provide the Company access to your system, as requested, to verify that the necessary copying and deletion is done. **Your timely compliance with the provisions of this paragraph is a precondition to your receipt of the Severance Benefits provided hereunder. To the extent that the Company is made aware that you intentionally and/or materially failed to return any Company property after the payment of the Severance Benefits, following notice to you and a reasonable period to cure such failure, such failure to return shall be deemed a material breach of this Agreement, and the Company shall have the right to demand and to seek the return of the full value of the Severance Benefits, as allowed by applicable law.**

**6. CONFIDENTIAL INFORMATION OBLIGATIONS.** You acknowledge access to and receipt of proprietary, confidential, and trade secret information regarding the Company and its affiliates while working ("**Proprietary Information**"). Proprietary Information means information (including any and all combinations of individual items of information) that the Company has or will develop, acquire, create, compile, discover or own, that has value in or to the Company's business which is not generally known and which the Company wishes to maintain as confidential. Proprietary Information includes both information disclosed by the Company to you, and information developed or learned by you during the course of your employment with the Company. Proprietary Information also includes all information of which the unauthorized disclosure could be detrimental to the interests of the Company, whether or not such information is identified as Proprietary Information.

By example, and without limitation, Proprietary Information includes any and all non-public information that relates to the actual or anticipated business and/or products, research or development of the Company, or to the Company's technical data, trade secrets, or know-how, including, but not limited to, research, product plans, or other information regarding the Company's products or services and markets, customer lists and customers (including, but not limited to, the identity of and contact information for customers or prospective customers of the Company on which you called or with which you may become acquainted during the term of your employment and their unique customer preferences and historical transaction data), proprietary software, developments, inventions, discoveries, ideas, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances (such as sales and profits), and other business information disclosed by the Company either directly or indirectly in writing, orally or by drawings or inspection of premises, parts, equipment, or other Company property.

Proprietary Information shall be understood to include any and all Company trade secrets (as defined under applicable state or federal law), but an item need not be a trade secret to qualify as Proprietary Information. An item of Proprietary Information will ordinarily constitute a trade secret under state or federal law if (a) it derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (b) it is the subject of efforts that are reasonable under the circumstances (or under federal law, using reasonable measures) to maintain its secrecy.

Notwithstanding the foregoing, Proprietary Information shall not include any such information which you can establish (i) was publicly known or made generally available prior to the time of disclosure by the Company to you; (ii) becomes publicly known or made generally available after disclosure by the Company to you through no wrongful action or omission by you; or (iii) is in your rightful possession, without confidentiality obligations, at the time of disclosure by the Company as shown by your then-contemporaneous written records; provided that any combination of individual items of information shall not be deemed to be within any of the foregoing exceptions merely because one or more of the individual items are within such exception, unless the combination as a whole is within such exception.

Proprietary Information will not include terms and conditions of employment of Company employees except where it is information concerning other employees that has been entrusted to you as a supervisor or manager or otherwise entrusted to you as part of confidential job duties (such as human resource management, payroll, or benefits administration) (a “Confidential Role”).

You understand that nothing in this Agreement limits employees’ rights to discuss the terms, wages, and working conditions of their employment, as protected by applicable law.

In addition to any confidentiality agreements you may have with the Company, you agree not to make Proprietary Information known to any member of the public. By signing this Agreement, you certify that you have (a) returned all Proprietary Information and all other Company property, such as office equipment, computers, cell phones, and security badges, as well as all copies or excerpts of any property, files or documents obtained as a result of employment with the Company, and (b) provided the Company with all log-in, password, account and similar information for any Company-related documents, programs, accounts, medical records, or other password-protected materials accessed or used by you in connection with work for the Company. You understand that the obligations in this section exclude and permit disclosure of information lawfully acquired by you about wages, hours or other terms and conditions of employment if used by you for purposes protected by section 7 of the NLRA (as described in the Protected Rights Section) and do not limit your right to make truthful statements or disclosures regarding unlawful employment practices or limit your access to or participate in a proceeding before the NLRB or any other government agency.

**7. CONFIDENTIALITY.** Subject to the Employee Protections defined below, the provisions of this Agreement will be held in strictest confidence by you and you will not publicize or disclose them in any manner whatsoever; *provided*, *however*, that: (a) you may disclose this Agreement in confidence to your immediate family; (b) you may disclose this Agreement in confidence to your attorneys, accountants, auditors, tax preparers, and financial advisors; (c) you may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law. In particular, and without limitation, you agree not to disclose the terms of this Agreement to any current or former employee, consultant, or independent contractor of the Company. Notwithstanding your confidentiality and non-disclosure obligations in this Agreement and otherwise, you understand that an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Further, you understand that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the individual's attorney and use the trade secret information in the court proceeding if the individual: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

**8. NONDISPARAGEMENT.** Subject to the Employee Protections defined below, you agree not to disparage the Company or the Company's officers, directors, employees, shareholders, parents, subsidiaries, affiliates, and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation; *provided that* you may respond accurately and fully to any question, inquiry or request for information to the extent required by legal process. In addition, nothing in this paragraph or this Agreement is intended to prohibit or restrain you in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation, the National Labor Relations Act (NLRA), or under other applicable law or regulation. If contacted by a potential future employer regarding you, the Company will only provide dates of employment and positions held. You agree to refer all such requests for information solely to the Company's HR department. Your timely compliance with the provisions of this paragraph is a precondition to your receipt of the Severance Benefits provided hereunder. To the extent that the Company is made aware that you have breached this paragraph after you have been paid the Severance Benefits, such a breach will be deemed a material breach of this Agreement and the Company shall have the right to demand and to seek the return of the full value of the Severance Benefits, as allowed by applicable law, in addition to all other remedies available under applicable law.

**9. NO VOLUNTARY ADVERSE ACTION.** Subject to the Employee Protections defined below, you agree that you will not voluntarily provide assistance, information, or advice, directly or indirectly (including through agents or attorneys), to any person or entity in connection with any proposed or pending litigation, arbitration, administrative claim, cause of action, or other formal proceeding of any kind brought against the Company, its parent or subsidiary entities, affiliates, officers, directors, employees, or agents, nor shall you induce or encourage any person or entity to bring any such claims; *provided*, *however*, that you must respond accurately and truthfully to any question, inquiry, or request for information to the extent required by legal process (e.g., a valid subpoena or other similar compulsion of law) or as part of a government investigation.

**10. COOPERATION.** Subject to the Employee Protections defined below, you agree to cooperate fully with the Company in connection with its actual or contemplated defense, prosecution, or investigation of any claims or demands by or against third parties, or other matters arising from events, acts, or failures to act that occurred during the period of your employment by the Company. Such cooperation includes, without limitation, making yourself available to the Company upon reasonable notice, without subpoena, to provide complete, truthful and accurate information in witness interviews, depositions, and trial testimony. The Company will reimburse you for reasonable out-of-pocket expenses you incur in connection with any such cooperation (excluding foregone wages, salary, or other compensation) and will make reasonable efforts to accommodate your scheduling needs.

**11. NO ADMISSIONS.** You understand and agree that the promises and payments in consideration of this Agreement shall not be construed to be an admission of any liability or obligation by the Company to you or to any other person, and that the Company makes no such admission

**12. RELEASE OF CLAIMS.**

**12.1 General Release.** In exchange for the consideration provided to you under this Agreement, to which you would not otherwise be entitled, you hereby generally and completely release the Company, and its affiliated, related, parent, and subsidiary entities, and its and their current and former directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the "**Released Parties**") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date you sign this Agreement (collectively, the "**Released Claims**").

**12.2 Scope of Release.** The Released Claims include, but are not limited to: (i) all claims arising out of or in any way related to your employment with the Company, or the termination of that employment; (ii) all claims related to your compensation or benefits from the Company or Lucid Group., Inc., including salary, bonuses, commissions, vacation, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under any and all laws, regulations, orders, or ordinances, including, but not limited to, the federal Civil Rights Act of 1964, the federal Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act (as amended by the Older Workers Benefit Protection Act), the Family and Medical Leave Act, California Labor Code (including, but not limited to, the Private Attorneys General Act ("PAGA")), the California Fair Employment and Housing Act, Cal. Gov't Code §§ 12900, 12940, and 12949, the Ralph Civil Rights Act, California Civil Code, §51.7, and the Tom Bane Civil Rights Act, California Civil Code §52.1. You further agree that you will not initiate a PAGA lawsuit against the Company or any of the Released Parties related to your employment or any other action, event, or incident that occurred prior to the Effective Date of this Agreement.

**12.3 Section 1542 Waiver.** YOU UNDERSTAND THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. In giving the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code, which reads as follows:

**"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."**

You hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to your release of any unknown or unsuspected claims herein.

**13. EXCLUDED CLAIMS.**

**13.1** Notwithstanding the foregoing, the following are not included in the Released Claims (the "Excluded Claims"): (i) any rights or claims for indemnification you may have pursuant to any written indemnification agreement with the Company to which you are a party (including but not limited to any Indemnification Agreement (which remains in full force and effect)), or under applicable law or the Company's organizational documents (or any predecessor thereto); (ii) any rights which are not waivable as a matter of law; (iii) any rights you have to file or pursue a claim for workers' compensation or unemployment insurance; and (iv) any claims for breach of this Agreement. Subject to the Employee Protections defined below, you hereby represent and warrant that, other than the Excluded Claims, you are not aware of any claims you have or might have against any of the Released Parties that are not included in the Released Claims. In addition, nothing in this Agreement prevents you from filing, cooperating with, or participating in any proceeding before any federal, state or other government agency, except that you acknowledge and agree and hereby waive your right to any monetary benefits in connection with any such claim, charge or proceeding before the Equal Employment Opportunity Commission ("EEOC"), National Labor Relations Board ("NLRB"), California Civil Rights Department ("CRD"), Department of Labor ("DOL"), Securities and Exchange Commission ("SEC"), or any analogous federal, state, or other government agency, to the extent allowed by applicable law.

**13.2** It is further understood that the releases contained in this Agreement are not intended to and do not waive, negate, alter or in any other way modify any (i) insurance coverage policy or policies that have been or may be applicable to you as an employee, officer, or director of the Company in accordance with the terms of any such policy or policies, including without limitation any officers' and directors' insurance liability policy or policies, (ii) any statutory indemnification rights or as otherwise set forth in the Company's Certificate of Incorporation as amended and restated from time to time.

**14. ADEA AND OLDER WORKERS BENEFIT PROTECTION ACT WAIVER.** You, being forty (40) years of age or older, acknowledge that you are waiving and releasing any rights you may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. You and the Company agree that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement, as defined herein. You acknowledge that the consideration given for the waiver and Agreement is in addition to anything of value to which you are already entitled. You further acknowledge that you have been advised in writing, as required by the ADEA, that:

**14.1** You should, and are hereby affirmatively instructed to, consult with an attorney prior to signing this Agreement;

**14.2** You have forty-five (45) days in which to consider this Agreement (although you may choose voluntarily to sign it earlier);

**14.3** You have seven (7) days following the date you sign this Agreement to revoke the Agreement;

**14.4** This Agreement shall not become effective or enforceable until the revocation period has expired at 12:01 a.m. on the eighth (8th) day following your execution of this Agreement ("Effective Date");

**14.5** Nothing in this Agreement prevents or precludes you from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose a condition precedent, penalties or costs for doing so; and

**14.6** Should you choose to revoke this Agreement following your execution of same, you must do so by notifying the Company prior to the Effective Date of the Agreement. Any revocation within this period must: (1) clearly state that you are revoking this Agreement; (2) must be in writing and be signed by you; and (3) must be delivered to Russell Jones, Associate General Counsel, Labor & Employment at russelljones@lucidmotors.com.

**15. ARBITRATION**. You and the Company agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein released, shall be subject to arbitration in the county of your final place of employment, before Judicial Arbitration & Mediation Services ("JAMS"), pursuant to its Employment Arbitration Rules & Procedures ("JAMS Rules"). The arbitrator may grant injunctions and other relief in such disputes. The arbitrator shall administer and conduct any arbitration in accordance with the Federal Arbitration Act. The decision of the arbitrator shall be final, conclusive, and binding on the parties to the arbitration. The parties agree that the prevailing party in any arbitration shall be entitled to to enforce the arbitration award in any court of competent jurisdiction. The Company shall pay all JAMS' arbitration fees in excess of $450. Each party shall separately pay for its respective counsel fees and expenses; provided, however, that the arbitrator shall award attorneys' fees and costs to the prevailing party, except as prohibited by law. The parties hereby agree to waive their right to have any dispute between them resolved in a court of law by a judge or jury.

**16. COVENANT NOT TO SUE.** A "covenant not to sue" is a legal term which means you promise not to file a lawsuit in court. It is different from the release of claims covered above in Section 12. Besides waiving and releasing the claims set forth above, subject to the Employee Protections, defined below, you further agree never to sue Company in any forum for any reason or claim covered by the release of claims in Section 12. If you sue Company in violation of this covenant, you shall be liable to Company for its reasonable attorneys' fees and other costs incurred in defending against such an action. Notwithstanding this covenant not to sue, you may bring a claim against Company if the claim is excluded from the releases herein, or to challenge this Agreement's validity under the ADEA.

**17. EMPLOYEE PROTECTIONS.**

**17.1** Notwithstanding anything to the contrary in this Agreement, nothing herein or in any other agreement between you and the Company of any of its affiliates limits your ability to voluntarily communicate with, provide information or documents to, testify before, comply with a subpoena from, or assist or otherwise participate in any manner with an investigation or proceeding conducted by, the SEC, the EEOC, the NLRB, the "CRD," or any other federal, state or local governmental agency or commission ("Government Agency"), legislative body or self- regulatory organization regarding possible legal violations, in each case, without notice or disclosure to the Company. The Company will not retaliate against you for engaging in any of these activities, and nothing in the Agreement or in any other agreement between you and the Company of any of its affiliates requires you to waive any whistleblower award or other whistleblower-related payment that you might become entitled to from the SEC or any other Government Agency or self-regulatory organization. Moreover, nothing in this Agreement or otherwise requires you to notify the Company that you are going to make a report or disclosure to law enforcement.

**17.2** Further, nothing in this Agreement precludes you from filing a charge or claim with the SEC. Nothing in this Agreement precludes you from filing a charge or claim of discrimination or unfair labor practice with the EEOC, NLRB, or CRD, or a like charge or complaint with any other state or local fair employment or labor Government Agency. However, you may not receive a monetary award or any other form of personal relief from the Company or any other Released Party in connection with any charge or complaint that you have filed or is filed on your behalf with the EEOC, NLRB, CRD or any other similar state or local fair employment or labor Government Agency to the maximum extent permitted by law.

**17.3** The Defend Trade Secrets Act Of 2016 provides immunity in certain circumstances to Company employees, contractors, and consultants for limited disclosures of Company trade secrets. Specifically, Company employees, contractors, and consultants may disclose trade secrets: (a) in confidence, either directly or indirectly, to a Federal, State, or local government official, or to an attorney, "solely for the purpose of reporting or investigating a suspected violation of law," or (b) "in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Additionally, Company employees, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may also use and disclose related Trade Secrets in the following manner: (c) the individual may disclose the trade secret to their attorney, and (d) the individual may use the information in related court proceeding, as long as the individual files documents containing the trade secret under seal, and does not otherwise disclose the trade secret "except pursuant to court order." You shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that: (1) is made (a) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and (b) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Disclosures to attorneys, made under seal, or pursuant to court order are also protected in certain circumstances under 18U.S.C. 1833.

**17.4** Nothing in this Agreement waives your right to testify in an administrative, legislative, or judicial proceeding when you have been required or requested to attend the proceeding pursuant to a court order, subpoena, or written request from an administrative agency or the legislature. Further, nothing in this Agreement prevents you from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful.

**17.5** The protections set forth in this paragraph constitute and shall be referred to as the "Employee Protections."

**18. Tax Consequences.** The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to you or made on your behalf under the terms of this Agreement. You agree and understand that you are responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company that you may owe and any penalties or assessments thereon. You further agree to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of (a) your failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company by reason of any such claims, including attorneys' fees and costs.

**19. Attorneys' Fees.** In the event that either you or the Company brings an action to enforce or effect any rights under this Agreement, the prevailing party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such an action.

**20. Representations.** You hereby represent that you have been paid all compensation owed and for all hours worked, have received all the leave and leave benefits and protections for which you are eligible pursuant to the federal Family and Medical Leave Act, any applicable law or Company policy, and have not suffered any on-the-job injury for which you have not already filed a workers' compensation claim.

**21. Accord And Satisfaction.** You and the Company agree that the Agreement and/or Further Release fully supersedes, nullifies and replaces any prior oral or written agreement regarding your entitlement to severance, including your Lucid Group, Inc. Executive Severance Benefit Plan Participation Agreement. The Parties further expressly agree that any rights afforded by the Lucid Group, Inc. Executive Severance Benefit Plan Participation Agreement are extinguished by this Agreement and/or the Further Release.

**22. Voluntary Execution of Agreement.** You are signing this Agreement voluntarily and without threat or inappropriate influence by Company, with the full intent of releasing all claims. You acknowledge that:

**22.1** you have read the Agreement;

**22.2** you have been represented by legal counsel of your choice or have voluntarily declined to hire an attorney to represent you;

**22.3** you understand the terms and consequences of this Agreement and of the releases it contains;

**22.4** you are fully aware of the legal and binding effect of this Agreement; and

**22.5** if you work or reside in California, this Agreement is a negotiated severance agreement because it is voluntary, deliberate, and informed, provides consideration of value to you, and you have been given notice and an opportunity to retain an attorney or are represented by an attorney.

**23. GENERAL.** Except for any continuing contractual obligations you have to the Company regarding the nonuse and nondisclosure of the Company's Proprietary Information or Confidential Information, this Agreement constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to this subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be severed and/or modified, as appropriate, by the arbitrator or court so as to be rendered enforceable to the fullest extent permitted by law, consistent with the intent of the parties. Except for the arbitration portion (which shall be governed by the Federal Arbitration Act), this Agreement shall be construed and enforced in accordance with the laws of the State of California, without regard to conflicts of law principles. Any waiver of a breach of this Agreement, or rights hereunder, shall be in writing and shall not be deemed to be a waiver of any successive breach or rights hereunder. This Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic signatures shall be equivalent to original signatures.

**LUCID USA, INC.**

By: /s/ Gale Halsey August 15, 2026 10:39 AM PDT
Gale Halsey
Chief People Officer

ACCEPTED AND AGREED:

/s/ Marc Winterhoff
Marc Winterhoff

August, 14 2026
Date

# AMENDMENT NO. 3 TO CREDIT AGREEMENT

**AMENDMENT NO. 3 TO CREDIT AGREEMENT** (this "Amendment"), dated as of November 5, 2026, by and among Lucid Group, Inc., a Delaware corporation (the "Borrower"), and Ayar Third Investment Company, as administrative agent (the "Administrative Agent") and as lender (the "Lender").

## PRELIMINARY STATEMENTS

WHEREAS, the Borrower, the Lender and the Administrative Agent are parties to that certain Credit Agreement, dated as of August 4, 2024 (as amended, restated, amended and restated, supplemented or otherwise modified prior to the Amendment No. 3 Effective Date (as defined below), the "Credit Agreement"; and as amended by this Amendment, the "Amended Credit Agreement"; capitalized terms used in this Amendment and not otherwise defined in this Amendment have the same meanings as specified in the Amended Credit Agreement);

WHEREAS, the Aggregate Delayed Draw Term Commitment under the Credit Agreement prior to November 5, 2026 was $2,478,787,899.58, of which $378,787,899.58 remained unused and available for Borrowing as of such date; and

WHEREAS, the Borrower desires to increase the Aggregate Delayed Draw Term Commitment by $1,750,000,000.00 (the "Commitment Increase") such that, after giving effect to such increase, the sum of outstanding Loans and remaining Delayed Draw Term Commitments shall be $4,228,787,899.58, and to amend the Credit Agreement as described herein.

NOW THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendments to the Credit Agreement; Etc. Effective as of the Amendment No. 3 Effective Date (as defined below):

(a) Section 1.01 of the Credit Agreement is hereby amended by amending and restating the definition of "Aggregate Delayed Draw Term Commitment" in its entirety as set forth below (as applicable):

““**Aggregate Delayed Draw Term Commitment**” shall mean, at any time, the aggregate of the Delayed Draw Term Commitments of all of the Lenders, as increased or reduced from time to time pursuant to the terms and conditions hereof. As of the Effective Date, the Aggregate Delayed Draw Term Commitment was $750,000,000. As of the date of effectiveness (the “**Amendment No. 3 Effective Date**”) of that certain Amendment No. 3 to Credit Agreement, dated as of November 4, 2026, among the Borrower, the Lenders party thereto and the Administrative Agent, the Aggregate Delayed Draw Term Commitment is $4,228,787,899.58, of which $2,128,787,899.58 remains unused and available for Borrowing.”

(b) Section 1.01 of the Credit Agreement is hereby further amended by inserting the following definitions in the appropriate alphabetical order:

“**Borrowing Review Notice**” has the meaning assigned to such term in Section 2.03.

“**Cash Flow Forecast**” has the meaning assigned to such term in Section 5.01(d).

“**Forecast-Consistent Borrowing**” shall mean a Borrowing as to which, at the time of delivery of the related Borrowing Review Notice, (x) the Initial Forecast Delivery Date has occurred and (y) the anticipated aggregate principal amount of such Borrowing set forth in such Borrowing Review Notice, together with (without duplication) the aggregate principal amount of all other Borrowings made, or anticipated to be made as set forth in any other Borrowing Review Notice or Borrowing Request theretofore delivered, during the calendar month in which the anticipated date of such Borrowing set forth in such Borrowing Review Notice occurs, does not exceed the aggregate principal amount of Borrowings anticipated for such calendar month in the Cash Flow Forecast most recently delivered pursuant to Section 5.01(d).

“**Initial Forecast Delivery Date**” shall mean the first date, occurring on or after January 1, 2027, on which the Borrower delivers to the Administrative Agent a Cash Flow Forecast satisfying the requirements of Section 5.01(d).

“**Review Period**” has the meaning assigned to such term in Section 2.03.

(c) Section 2.01 of the Credit Agreement is hereby amended by adding the following sentence at the end thereof:

“Notwithstanding anything to the contrary herein, the aggregate principal amount of all Borrowings made during the period from and including the Amendment No. 3 Effective Date through and including the Initial Forecast Delivery Date shall not exceed $750,000,000.”;

(d) Section 2.03 of the Credit Agreement is hereby amended by adding the following at the end thereof:

"Not later than 10:00 a.m., New York City time, ten (10) Business Days (or, in the case of a Forecast-Consistent Borrowing, five (5) Business Days) prior to the delivery of any Borrowing Request, the Borrower shall deliver to the Administrative Agent a written notice (a "**Borrowing Review Notice**") setting forth the anticipated aggregate principal amount and the anticipated date of the Borrowing to be requested thereby and, in the case of a Forecast-Consistent Borrowing, certifying that such Borrowing is a Forecast-Consistent Borrowing. During the period from the delivery of a Borrowing Review Notice to the delivery of the related Borrowing Request (the "**Review Period**"), the Administrative Agent and the Lenders may review such Borrowing Review Notice and the Borrower shall furnish promptly such information regarding the proposed Borrowing as the Administrative Agent or any Lender may reasonably request. No Borrowing Request shall request a Borrowing in an aggregate principal amount in excess of the amount set forth in the related Borrowing Review Notice or, in the case of a Borrowing Review Notice delivered in respect of a Forecast-Consistent Borrowing, on a date occurring in a calendar month other than the calendar month in which the anticipated date set forth in such Borrowing Review Notice occurs.";

(e) Section 5.01(d) of the Credit Agreement is hereby amended and restated in its entirety as follows:

"on or prior to the fifteenth (15th) day of each calendar month (or such later time agreed to by the Administrative Agent in its sole discretion), commencing with the first such date to occur in January 2027 (such that the first Cash Flow Forecast shall be delivered on or prior to January 15, 2027 (or such later time agreed to by the Administrative Agent in its sole discretion)), a forecast of the consolidated cash flows of the Borrower and its Subsidiaries, prepared on a monthly basis for the twelve (12)-month period commencing with the calendar month in which such Cash Flow Forecast is delivered (each, a "**Cash Flow Forecast**"), in form and detail reasonably satisfactory to the Administrative Agent, which shall set forth (A) projected cash receipts and disbursements, projected cash and cash equivalents and the anticipated amount and timing of any Borrowings hereunder during such period, (B) the key assumptions underlying such forecast, including assumptions as to production and delivery volumes, capital expenditures and operating expenses, (C) the aggregate amount of unrestricted cash and cash equivalents of the Borrower and its Subsidiaries and the unused Aggregate Delayed Draw Term Commitment, in each case as of the last day of the immediately preceding calendar month and (D) other than with respect to the first Cash Flow Forecast delivered pursuant to this clause (d), a comparison of actual cash receipts, cash disbursements and cash and cash equivalents for the immediately preceding calendar month against the amounts projected for such month in the Cash Flow Forecast most recently delivered pursuant to this clause (d), and, to the extent the variances reflected in such comparison are material with respect to any of cash receipts, cash disbursements or cash and cash equivalents (in each case taken as a whole), a summary explanation of such variances, in each case certified by a Financial Officer of the Borrower as having been prepared in good faith based upon assumptions believed by the Borrower to be reasonable at the time of preparation; provided that, any amounts of projected cash receipts and disbursements and projected cash and cash equivalents set forth in a Cash Flow Forecast attributable to months falling after the end of the fiscal year in which such Cash Flow Forecast is delivered may, until such time as the Borrower has adopted an annual budget or operating plan for the applicable subsequent fiscal year (and, from and after such adoption, such amounts shall be based on such budget or operating plan), be estimates based on the latest available long-range plan of the Borrower and its Subsidiaries for the applicable subsequent fiscal year, with the amount for each such month equal to one-twelfth of the applicable annual amount set forth in such long-range plan (it being understood that the anticipated amount and timing of Borrowings hereunder set forth in each Cash Flow Forecast shall in all cases reflect the Borrower's good faith estimate thereof for each month covered thereby and shall not be estimated pursuant to this proviso); provided, further that, no comparison of actual results against projected amounts or explanation of variances shall be required pursuant to clause (D) above with respect to any such amounts estimated pursuant to the immediately preceding proviso;"; and

(f) Schedule 1.01(c) to the Credit Agreement is hereby amended and restated in its entirety as set forth in Schedule I attached hereto.

SECTION 2. Conditions to Effectiveness. This Amendment and the Commitment Increase shall become effective upon the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02 of the Credit Agreement) (such date, the "Amendment No. 3 Effective Date"):

(a) Amendment. The Administrative Agent (or its counsel) shall have received a fully executed copy of this Amendment by each of the Borrower, the Lender and the Administrative Agent;

(b) Certificates. The Administrative Agent (or its counsel) shall have received:

(i) a certificate of the Borrower, dated the Amendment No. 3 Effective Date and executed by its Corporate Secretary, Assistant Corporate Secretary or other Responsible Officer, which shall (A) certify the resolutions of its Board of Directors or board committees authorizing the execution, delivery and performance of this Amendment, the Commitment Increase and the transactions contemplated hereby, (B) either (x) certify that there have been no changes to the certificate or articles of incorporation or organization, and by-laws of the Borrower since the Effective Date, or (y) if such documents have been amended since the Effective Date, attach copies of such amendments, and (C) identify by name and title and bear the signatures of the officers of the Borrower authorized to sign this Amendment; and

(ii) a good standing certificate for the Borrower from its jurisdiction of organization or the substantive equivalent available in the jurisdiction of organization for the Borrower from the appropriate governmental officer in such jurisdiction (unless such certificates were delivered within 30 days prior to the Amendment No. 3 Effective Date); and

(c) Legal Opinion. The Administrative Agent (or its counsel) shall have received a legal opinion of Baker & McKenzie LLP, counsel to the Borrower, addressed to the Administrative Agent and the Lenders, in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

SECTION 3. Representations and Warranties. By executing this Amendment, the Borrower hereby represents and warrants to the Lenders as follows:

(a) The representations and warranties of the Loan Parties set forth in the Loan Documents (other than with respect to Section 3.19(b) of the Credit Agreement) are true and correct in all material respects with the same effect as though made on and as of the date of this Amendment (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date, and that any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects).

(b) At the time of and immediately after giving effect to this Amendment, no Default has occurred and is continuing as of the date hereof.

SECTION 4. Reference to and Effect on the Credit Agreement and the Loan Documents.

(a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Amended Credit Agreement.

(b) The Credit Agreement and each of the other Loan Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lender or the Administrative Agent under any of the Loan Documents or constitute a waiver of any provision of any of the Loan Documents. This Amendment shall not constitute a novation of the Credit Agreement or any other Loan Document.

(d) This Amendment shall constitute a Loan Document.

SECTION 5. Execution in Counterparts; Etc. This Amendment may be in the form of an electronic record and may be executed using electronic signatures (including, without limitation, facsimile and .pdf) and shall be considered an original, and shall have the same legal effect, validity and enforceability as a paper record. This Amendment may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Amendment. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Administrative Agent of a manually signed paper counterpart which has been converted into electronic form (such as scanned into PDF format), or an electronically signed counterpart converted into another format, for transmission, delivery and/or retention. The words "execute," "execution," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

SECTION 6. GOVERNING LAW; ETC. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS. Sections 9.09 (*Governing Law; Jurisdiction; Consent to Service of Process*) and 9.10 (*Waiver of Jury Trial*) of the Credit Agreement are hereby incorporated by reference herein, *mutatis mutandis*, as if set forth in full herein.

SECTION 7. Expenses; Indemnity. Section 9.03 (*Expenses; Limitation of Liability; Indemnity; Etc.*) of the Credit Agreement is hereby incorporated by reference herein, *mutatis mutandis*, as if set forth in full herein.

SECTION 8. Upfront Fee Payment. Within 30 days after the Amendment No. 3 Effective Date, the Borrower shall pay to the Administrative Agent, for the ratable account of each Lender, an upfront fee in an amount equal to 1.50% of the Commitment Increase. The parties hereto intend that for U.S. federal income tax purposes, the foregoing upfront fee shall be treated as the payment of option premium in a manner consistent with Revenue Ruling 81-160, 1981-1 C.B. 312 and the parties hereto shall not take any action or any position on any tax return (including on any IRS Form 1099 or any other information return), in each case, inconsistent with such treatment, unless otherwise required by law. Furthermore, the parties hereto agree that no U.S. withholding tax that has accrued in respect of interest on amounts outstanding under the Amended Credit Agreement shall be deducted from the upfront fee.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

**LUCID GROUP, INC.**,
as the Borrower

By: /s/ Alexander De Bock
Name: Alexander De Bock
Title: Chief Financial Officer

**AYAR THIRD INVESTMENT COMPANY**,
as the Administrative Agent and Lender

By: /s/ Turqi A. Alnowaiser
Name: Turqi A. Alnowaiser
Title: Authorized Manager

[Signature Page to Amendment No. 3 to Credit Agreement]

**SCHEDULE I**

**Commitment Schedule**

| Lender | Delayed Draw Term Loan Commitment |
|---|---|
| **Ayar Third Investment Company** | $4,228,787,899.58[1] |

[1] $2,128,787,899.58 remains unused and available for Borrowing as of the Amendment No. 3 Effective Date.

**EXHIBIT 31.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Silvio Napoli, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lucid Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2026

/s/ Silvio Napoli
Silvio Napoli
Chief Executive Officer
(Principal Executive Officer)

**EXHIBIT 31.2**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Alexander De Bock, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lucid Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2026

/s/ Alexander De Bock
Alexander De Bock
Chief Financial Officer
(Principal Financial Officer)

**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350**
**AS ADOPTED PURSUANT TO SECTION 906**
**OF THE SARBANES-OXLEY ACT OF 2002 (FURNISHED HEREWITH)**

I, Silvio Napoli, Chief Executive Officer of Lucid Group, Inc. (the "Company"), certify, as of the date hereof and solely for purposes of and pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

a. The Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

b. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: November 9, 2026

/s/ Silvio Napoli
Silvio Napoli
Chief Executive Officer
(Principal Executive Officer)

**EXHIBIT 32.2**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350**
**AS ADOPTED PURSUANT TO SECTION 906**
**OF THE SARBANES-OXLEY ACT OF 2002 (FURNISHED HEREWITH)**

I, Alexander De Bock, Chief Financial Officer of Lucid Group, Inc. (the "Company"), certify, as of the date hereof and solely for purposes of and pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

a. The Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

b. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: November 9, 2026

/s/ Alexander De Bock
Alexander De Bock
Chief Financial Officer
(Principal Financial Officer)