
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended **September 30, 2024**

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: **001-38824**

CANOO INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

19951 Mariner Avenue, Torrance, California

(Address of Principal Executive Offices)

83-1476189

(I.R.S. Employer Identification No.)

90503

(Zip code)

(424) 271-2144

(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
Common stock, \$0.0001 par value per share	GOEV	The Nasdaq Capital Market
Warrants to purchase shares of Common Stock	GOEVW	The Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: **None**

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

As of November 13, 2024, there were 96,781,230 shares of the registrant's common stock, par value \$0.0001 per share, issued and outstanding.

TABLE OF CONTENTS

	<u>Page</u>	
<u>Part I</u>	<u>Financial Information</u>	
<u>Item 1.</u>	<u>Financial Statements (Unaudited)</u>	<u>6</u>
	<u>Condensed Consolidated Balance Sheets</u>	<u>6</u>
	<u>Condensed Consolidated Statements of Operations</u>	<u>7</u>
	<u>Condensed Consolidated Statements of Redeemable Preferred Stock and Stockholders' Equity</u>	<u>8</u>
	<u>Condensed Consolidated Statements of Cash Flows</u>	<u>10</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>	<u>12</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>45</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>56</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>56</u>
<u>Part II</u>	<u>Other Information</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u>	<u>58</u>
<u>Item 1A.</u>	<u>Risk Factors</u>	<u>58</u>
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>60</u>
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	<u>60</u>
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	<u>60</u>
<u>Item 5.</u>	<u>Other Information</u>	<u>60</u>
<u>Item 6.</u>	<u>Exhibits</u>	<u>61</u>
<u>Signatures</u>		<u>63</u>

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including, without limitation, statements under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. We have based these forward-looking statements on our current expectations and projections about future events. All statements, other than statements of present or historical fact included in this Quarterly Report on Form 10-Q are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “will,” “would” or the negative of such terms or other similar expressions. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements.

These statements are subject to known and unknown risks, uncertainties and assumptions, many of which are difficult to predict and are beyond our control and could cause actual results to differ materially from those projected or otherwise implied by the forward-looking statements. Below is a summary of certain material factors that may make an investment in our common stock speculative or risky.

- We are an early stage company with a history of losses and expect to incur significant expenses and continuing losses for the foreseeable future.
- We may be unable to adequately control the costs associated with our operations.
- Our current business plans require a significant amount of capital. If we are unable to obtain sufficient funding or do not have access to capital, we will be unable to execute our business plans and our prospects, financial condition and results of operations could be materially adversely affected.
- We have not achieved positive operating cash flow and, given our projected funding needs, our ability to generate positive cash flow is uncertain.
- Our financial results may vary significantly from period to period due to fluctuations in our operating costs, product demand and other factors.
- Our limited operating history makes evaluating our business and future prospects difficult and increases the risk of your investment.
- Any changes as a result of our Employee Reorganization Plan could adversely affect and disrupt our business and results of operations.
- We have remediated the material weaknesses previously reported in our internal control over financial reporting, but if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business and stock price.
- If we fail to manage our growth effectively, we may not be able to design, develop, manufacture, market and launch our electric vehicles ("EVs") successfully.
- We are highly dependent on the services of our key employees and senior management and, if we are unable to attract and retain key employees and hire qualified management, technical and EV engineering personnel, our ability to compete could be harmed.
- Several of our key vendors, including some single-source suppliers, have sent us notices of nonpayment of amount owed by us. The termination of any of these supply relationships would hinder our ability to manufacture our products, and the disputed amounts owed could lead to material litigation or other actions.
- We may offer shares of our common stock in lieu of cash payments to vendors in an effort to preserve cash for our operations. Doing so may result in us issuing a significant amount of shares which could result in dilution to your investment.
- We need to raise additional capital in the near term, and we currently do not have sufficient cash on hand to meet our near term obligations or capital requirements, which could jeopardize our ability to continue business operations or render us insolvent.
- Our failure to meet the continued listing requirements of The Nasdaq Capital Market could result in a delisting of our securities.
- We face significant barriers to manufacture and bring our EVs to market, and if we cannot successfully overcome those barriers our business will be negatively impacted.

- In connection with each of our previous eight Form 10-Qs (beginning with the quarter ended March 31, 2022) and each of our previous two Form 10-Ks, our management has performed an analysis of our ability to continue as a going concern and has identified substantial doubt about our ability to continue as a going concern.
- Outstanding amounts and limited capacity under the Current Yorkville PPAs will make us more vulnerable to downturns in our financial condition.
- If our stockholders approve our proposed reverse stock split, the resulting market price of our Common Stock following such event may not attract new investors, and it is not certain that the proposed reverse stock split will result in a sustained proportionate increase in the market price of our Common Stock.
- Customers who have committed to purchase significant amounts of our vehicles may purchase significantly fewer vehicles than we currently anticipate or none at all. In that case, our business, prospects, financial condition, results of operations, and cash flows could be materially and adversely affected.
- Our ability to develop and manufacture EVs of sufficient quality and appeal to customers on schedule and on a large scale is unproven and still evolving.
- We will depend initially on revenue generated from a single EV model and in the foreseeable future will be significantly dependent on a limited number of models.
- There is no guarantee that we will be able to develop our software platform, Canoo Digital Ecosystem, or that if we are able to develop it, that we will obtain the revenue and other benefits we expect from it.
- We may fail to attract new customers in sufficient numbers or at sufficient rates or at all or to retain existing customers, if any, and may face risks if we are dependent on a small number of customers for a significant portion of our revenues.
- If our EVs fail to perform as expected, our ability to develop, market and deploy our EVs could be harmed.
- Our distribution model may expose us to risk and if unsuccessful may impact our business prospects and results of operations.
- We face legal, regulatory and legislative uncertainty in how our go-to-market models will be interpreted under existing and future law, including the potential inability to protect our intellectual property rights, and we may be required to adjust our consumer business model in certain jurisdictions as a result.
- If we fail to successfully build and tool our manufacturing facilities and/or if we are unable to establish or continue a relationship with a contract manufacturer or if our manufacturing facilities become inoperable, we will be unable to produce our vehicles and our business will be harmed.
- We may not be able to realize the non-dilutive financial incentives offered by the State of Oklahoma where we will develop our own manufacturing facilities, including if we do not maintain certain levels of employment at such facilities.
- We and our third-party suppliers will rely on complex machinery for production, which involves a significant degree of risk and uncertainty in terms of operational performance and costs.
- We have no experience to date in high volume manufacture of our EVs.
- We may experience significant delays in the design, production and launch of our EVs, which could harm our business, prospects, financial condition and operating results.
- Increases in costs, disruption of supply or shortage of raw materials and other components used in our vehicles, in particular lithium-ion battery cells, could harm our business.
- We are dependent on our suppliers, some of which are single or limited source suppliers, and the inability of these suppliers to deliver necessary components of our EVs at prices and volumes, performance and specifications acceptable to us, could have a material adverse effect on our business, prospects, financial condition and operating results.
- We are or may be subject to risks associated with strategic alliances or acquisitions and may not be able to identify adequate strategic relationship opportunities, or form strategic relationships, in the future.
- The automotive market is highly competitive and technological developments by our competitors may adversely affect the demand for our EVs and our competitiveness in this industry.
- If the market for EVs does not develop as we expect or develops more slowly than is expected, our business, prospects, financial condition and operating results will be adversely affected.
- 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.
- Our EVs are based on the use of complex and novel steer-by-wire technology that is unproven on a wide commercial scale.
- Our EVs rely on software and hardware that is highly technical, and if these systems contain errors, bugs or vulnerabilities, or if we are unsuccessful in addressing or mitigating technical limitations in our systems, our business could be adversely affected.
- We are subject to cybersecurity risks to our operational systems, security systems, infrastructure, integrated software in our EVs and customer data processed by us or third-party vendors.

- Our stock price has been volatile, and the market price of our Common Stock may drop below the price you pay.
- Future sales and issuances of our equity or convertible securities could result in dilution to our existing stockholders and could cause the price of our Common Stock to decline.
- Substantial blocks of our total outstanding shares may be sold into the market. If there are substantial sales or issuances of shares of our Common Stock, the price of our Common Stock could decline.
- Economic, regulatory, political and other events, including fluctuating interest rates, sustained inflation, slower growth or recession, issues with supply chain, shortage of labor, national and global geopolitical and economic uncertainty, may adversely affect our financial results.
- Our ability to meet the timelines we have established for production and manufacturing milestones of our EVs is uncertain.
- Other factors disclosed in this Quarterly Report on Form 10-Q or our other filings with the Securities and Exchange Commission (the “SEC”).

These statements are subject to known and unknown risks, uncertainties, and assumptions that could cause actual results to differ materially from those projected or otherwise implied by the forward-looking statements, including those described under the section “Summary of Risk Factors” and Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on April 1, 2024. Given such risks and uncertainties, you should not place undue reliance on forward-looking statements.

Should one or more of these risks or uncertainties described in this Quarterly Report on Form 10-Q materialize, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements. Additional information concerning these and other factors that may impact the forward-looking statements discussed herein can be found in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” We undertake no 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. These risks and others described in this Quarterly Report on Form 10-Q may not be exhaustive and the above summary is qualified in its entirety by those more complete discussions of such risks and uncertainties.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Quarterly Report on Form 10-Q. In addition, even if our results or operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this Quarterly Report on Form 10-Q, those results or developments may not be indicative of results or developments in subsequent periods.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CANOO INC.
Condensed Consolidated Balance Sheets
(in thousands, except par values) (unaudited)

	September 30, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 1,533	\$ 6,394
Restricted cash, current	3,936	3,905
Inventory	9,913	6,153
Prepays and other current assets	13,597	16,099
Total current assets	28,979	32,551
Property and equipment, net	368,740	377,100
Restricted cash, non-current	10,600	10,600
Operating lease right-of-use assets	30,194	36,241
Deferred warrant asset	50,175	50,175
Deferred battery supplier cost, non-current	28,900	30,000
Other non-current assets	5,701	5,338
Total assets	\$ 523,289	\$ 542,005
Liabilities and stockholders' equity		
Liabilities		
Current liabilities		
Accounts payable	\$ 81,015	\$ 65,306
Accrued expenses and other current liabilities	75,085	63,901
Convertible debt, current	42,640	51,180
Derivative liability, current	—	860
Financing liability, current	3,604	3,200
Total current liabilities	202,344	184,447
Contingent earnout shares liability	—	41
Operating lease liabilities, non-current	33,158	35,722
Derivative liability, non-current	9,888	25,919
Financing liability, non-current	28,620	28,910
Warrant liability, non-current	26,618	17,390
Other liabilities	702	—
Total liabilities	\$ 301,330	\$ 292,429
Commitments and contingencies (Note 12)		
Redeemable preferred stock, \$0.0001 par value; 10,000 authorized, 62 and 45 shares issued and outstanding as of September 30, 2024, and December 31, 2023, respectively.	\$ 8,780	\$ 5,607
Stockholders' equity		
Common stock, \$0.0001 par value; 2,000,000 authorized as of September 30, 2024, and December 31, 2023, respectively; 87,195 and 37,591 issued and outstanding as of September 30, 2024 and December 31, 2023, respectively ⁽¹⁾	9	4
Additional paid-in capital ⁽¹⁾	1,807,403	1,725,809
Accumulated deficit	(1,594,233)	(1,481,844)
Total preferred stock and stockholders' equity	221,959	249,576
Total liabilities, preferred stock and stockholders' equity	\$ 523,289	\$ 542,005

(1) Periods presented have been adjusted to reflect the 1-for-23 reverse stock split on March 8, 2024. See Note 1- Organization and Basis of Presentation - Reverse Stock Split, for additional information.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CANOO INC.
Condensed Consolidated Statements of Operations (in thousands, except per share values)
Three and Nine Months Ended September 30, 2024 and 2023 (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue	\$ 891	\$ 519	\$ 1,497	\$ 519
Cost of revenue	170	903	2,015	903
Gross margin	721	(384)	(518)	(384)
Operating Expenses				
Research and development expenses, excluding depreciation	17,502	21,965	60,676	107,651
Selling, general and administrative expenses, excluding depreciation	22,604	24,925	77,276	85,195
Depreciation	3,752	1,495	10,505	10,632
Reorganization and related exit costs	16,055	—	16,055	—
Total operating expenses	59,913	48,385	164,512	203,478
Loss from operations	(59,192)	(48,769)	(165,030)	(203,862)
Other (Expense) Income				
Interest expense	(2,398)	(4,195)	(9,572)	(6,755)
Gain on fair value change in contingent earnout shares liability	—	279	41	2,843
Gain on fair value change in warrant and derivative liability	61,771	17,126	100,607	40,091
Loss on fair value change in derivative asset	—	(3,761)	—	(3,761)
Gain (Loss) on fair value change in convertible debt and other	4,890	(69,615)	(62,226)	(69,615)
Gain (Loss) on extinguishment of debt and other	(1,812)	(2,573)	22,650	(30,261)
Other income (expense), net	(1)	(466)	1,141	(2,256)
Income (Loss) before income taxes	3,258	(111,974)	(112,389)	(273,576)
Provision for income taxes	—	—	—	—
Net income (loss) and comprehensive income (loss) attributable to Canoo	3,258	\$ (111,974)	(112,389)	(273,576)
Less: dividends on redeemable preferred stock	1,235	—	3,174	—
Net income (loss) and comprehensive income (loss) available to common shareholders	\$ 2,023	\$ (111,974)	\$ (115,563)	\$ (273,576)
Per Share Data ⁽¹⁾:				
Net income (loss) per share, basic	\$ 0.03	\$ (4.15)	\$ (1.73)	\$ (12.20)
Net income (loss) per share, diluted	\$ (0.31)	\$ (4.15)	\$ (1.73)	\$ (12.20)
Weighted-average shares outstanding, basic	79,395	27,012	66,645	22,430
Weighted-average shares outstanding, diluted	93,004	27,012	66,645	22,430

(1) Periods presented have been adjusted to reflect the 1-for-23 reverse stock split on March 8, 2024. See Note 1- Organization and Basis of Presentation - Reverse Stock Split, for additional information.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CANOO INC.

Condensed Consolidated Statement of Redeemable Preferred Stock and Stockholders' Equity (in thousands)
Three and Nine Months Ended September 30, 2024 (unaudited)

	Redeemable Preferred Stock		Common stock ⁽¹⁾		Additional paid-in capital ⁽¹⁾	Accumulated deficit	Total preferred stock and stockholders' equity
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2023	45	\$ 5,607	37,591	\$ 4	\$ 1,725,809	\$ (1,481,844)	\$ 249,576
Issuance of shares for restricted stock units vested	—	—	1,892	—	—	—	—
Issuance of shares under employee stock purchase plan	—	—	26	—	79	—	79
Issuance of shares under the PPA	—	—	21,935	2	54,938	—	54,940
Issuance of shares under Convertible Debentures	—	—	4,672	—	22,254	—	22,254
Exchange of YA warrants	—	—	—	—	(43,416)	—	(43,416)
Issuance of shares to vendor for services	—	—	290	—	562	—	562
Accretion of preferred shares	—	862	—	—	(862)	—	—
Stock-based compensation	—	—	—	—	10,954	—	10,954
Net loss and comprehensive loss	—	—	—	—	—	(110,687)	(110,687)
Balance as of March 31, 2024	45	\$ 6,469	66,406	\$ 6	\$ 1,770,318	\$ (1,592,531)	\$ 184,262
Repurchase of unvested shares - forfeitures	—	—	—	—	—	—	—
Issuance of shares for restricted stock units vested	—	—	111	—	—	—	—
Issuance of shares under employee stock purchase plan	—	—	20	—	35	—	35
Issuance of shares under the PPA	—	—	6,291	1	15,606	—	15,607
Issuance of shares under preferred shares agreement	17	—	—	—	—	—	—
Accretion of preferred shares	—	1,077	—	—	(1,077)	—	—
Issuance of shares to vendor for services	—	—	74	—	225	—	225
Stock-based compensation	—	—	—	—	1,128	—	1,128
Net loss and comprehensive loss	—	—	—	—	—	(4,960)	(4,960)
Balance as of June 30, 2024	62	\$ 7,546	72,902	\$ 7	\$ 1,786,235	\$ (1,597,491)	\$ 196,297
Issuance of shares for restricted stock units vested	—	—	666	—	—	—	—
Issuance of shares under employee stock purchase plan	—	—	17	—	14	—	14
Issuance of shares under the PPA	—	—	9,796	2	16,870	—	16,872
Issuance of shares under ATM, net of offering costs	—	—	3,725	—	3,681	—	3,681
Accretion of preferred shares	—	1,234	—	—	(1,234)	—	—
Issuance of shares to vendor for services	—	—	89	—	190	—	190
Stock-based compensation	—	—	—	—	1,647	—	1,647
Net income and comprehensive income	—	—	—	—	—	3,258	3,258
Balance as of September 30, 2024	62	\$ 8,780	87,195	\$ 9	\$ 1,807,403	\$ (1,594,233)	\$ 221,959

(1) Periods presented have been adjusted to reflect the 1-for-23 reverse stock split on March 8, 2024. See Note 1- Organization and Basis of Presentation - Reverse Stock Split, for additional information.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CANOO INC.

Condensed Consolidated Statement of Redeemable Preferred Stock and Stockholders' Equity (in thousands)
Three and Nine Months Ended September 30, 2023 (unaudited)

	Redeemable Preferred Stock		Common stock ⁽¹⁾		Additional paid-in capital ⁽¹⁾	Accumulated deficit	Total preferred stock and stockholders' equity
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2022	—	\$ —	15,452	\$ 2	\$ 1,416,394	\$ (1,179,823)	\$ 236,573
Repurchase of unvested shares - forfeitures	—	—	(1)	—	—	—	—
Issuance of shares for restricted stock units vested	—	—	120	—	—	—	—
Issuance of shares upon exercise of vested stock options	—	—	—	—	—	—	—
Issuance of shares under employee stock purchase plan	—	—	30	—	389	—	389
Vesting of early exercised stock options and restricted stock awards	—	—	—	—	26	—	26
Issuance of shares under the PPA	—	—	2,903	—	64,389	—	64,389
Reclassification of warrant liability to additional paid-in capital	—	—	—	—	19,510	—	19,510
Issuance of shares under SPA, net of offering costs	—	—	2,174	—	10,161	—	10,161
Issuance of warrants to placement agent under SPA	—	—	—	—	1,600	—	1,600
Stock-based compensation	—	—	—	—	9,836	—	9,836
Net loss and comprehensive loss	—	—	—	—	—	(90,732)	(90,732)
Balance as of March 31, 2023	—	\$ —	20,678	\$ 2	\$ 1,522,305	\$ (1,270,555)	\$ 251,752
Repurchase of unvested shares - forfeitures	—	—	(1)	—	—	—	—
Issuance of shares for restricted stock units vested	—	—	88	—	—	—	—
Issuance of shares under employee stock purchase plan	—	—	26	—	246	—	246
Vesting of early exercised stock options and restricted stock awards	—	—	—	—	2	—	2
Proceeds from exercise of YA warrants	—	—	1,488	—	21,223	—	21,223
Issuance of shares under PIPE agreement	—	—	710	—	1,753	—	1,753
Issuance of shares under the ATM, net of offering costs	—	—	83	—	1,155	—	1,155
Issuance of shares under YA convertible debenture	—	—	1,552	—	19,021	—	19,021
Issuance of shares under 1-40 financing arrangement	—	—	101	—	1,506	—	1,506
Issuance of shares to vendor for services	—	—	9	—	250	—	250
Stock-based compensation	—	—	—	—	6,707	—	6,707
Net loss and comprehensive loss	—	—	—	—	—	(70,870)	(70,870)
Balance as of June 30, 2023	—	\$ —	24,735	\$ 2	\$ 1,574,168	\$ (1,341,425)	\$ 232,745
Repurchase of unvested shares	—	—	(1)	—	—	—	—
Issuance of shares for restricted stock units vested	—	—	48	—	—	—	—
Issuance of shares upon exercise of vested stock options	—	—	—	—	—	—	—
Issuance of shares under employee stock purchase plan	—	—	24	—	231	—	231
Vesting of early exercised stock options and restricted stock awards	—	—	—	—	2	—	2
Issuance of shares under PIPE agreement	—	—	243	—	19	—	19
Issuance of shares under Convertible Debentures	—	—	2,598	—	30,198	—	30,198
Issuance of shares under the PPA	—	—	654	—	7,523	—	7,523
Stock-based compensation	—	—	—	—	6,908	—	6,908
Net loss and comprehensive loss	—	—	—	—	—	(111,974)	(111,974)
Balance as of September 30, 2023	—	\$ —	28,300	\$ 2	\$ 1,619,049	\$ (1,453,399)	\$ 165,652

(1) Periods presented have been adjusted to reflect the 1-for-23 reverse stock split on March 8, 2024. See Note 1- Organization and Basis of Presentation - Reverse Stock Split, for additional information.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CANOO INC.

Condensed Consolidated Statements of Cash Flows (in thousands)
Nine Months Ended September 30, 2024 and 2023 (unaudited)

	Nine months ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (112,389)	\$ (273,576)
Adjustments to reconcile net loss to net cash used in operating activities:		—
Depreciation and amortization	10,597	10,632
Non-cash operating lease expense	2,647	2,504
Reorganization and related exit costs	16,055	—
Inventory write-downs	—	366
Stock-based compensation expense	13,730	23,451
Gain on fair value change of contingent earnout shares liability	(41)	(2,843)
Gain on fair value change in warrants liability	(60,463)	(37,093)
Gain on fair value change in derivative liability	(40,144)	(2,998)
Gain on extinguishment of debt and other	(22,650)	30,261
Loss on fair value change in derivative asset	—	3,761
Loss on in fair value change in convertible debt and other	62,226	69,615
Non-cash debt discount	3,142	5,010
Non-cash interest expense	4,220	2,234
Financing charges incurred upon issuance of PPAs	1,820	—
Other	849	839
Changes in assets and liabilities:		
Inventory	(3,759)	(3,096)
Prepaid expenses and other current assets	2,502	(3,445)
Other assets	737	(2,511)
Accounts payable, accrued expenses, and other current liabilities	10,983	(14,546)
Net cash used in operating activities	(109,938)	(191,435)
Cash flows from investing activities:		
Purchases of property and equipment	(9,730)	(45,376)
Net cash used in investing activities	(9,730)	(45,376)
Cash flows from financing activities:		
Proceeds from sale of employee retention credits	9,013	—
Payment of offering costs	—	(400)
Proceeds from exercise of YA warrants	—	21,223
Proceeds from issuance of shares under PIPEs	—	11,750
Proceeds from employee stock purchase plan	128	866
Proceeds from issuance of shares under RDO, net of issuance cost	—	50,961
Proceeds from convertible debenture	—	107,545
Payment of transaction costs	—	(949)
Proceeds for issuance of shares under ATM	3,681	1,155
Payment made on I-40 lease	(2,314)	—
Proceeds from PPA, net of issuance costs	135,995	16,751
Repayment of PPAs	(48,165)	—
Proceeds from preferred shares transaction	16,500	—
Net cash provided by financing activities	114,838	208,902
Net decrease in cash, cash equivalents, and restricted cash	(4,830)	(27,909)

	Nine months ended September 30,	
	2024	2023
Cash, cash equivalents, and restricted cash		
Cash, cash equivalents, and restricted cash, beginning of period	20,899	50,615
Cash, cash equivalents, and restricted cash, end of period	\$ 16,069	\$ 22,706
Reconciliation of cash, cash equivalents, and restricted cash to the Condensed Consolidated Balance Sheets		
Cash and cash equivalents at end of period	1,533	8,260
Restricted cash, current at end of period	3,936	3,846
Restricted cash, non-current at end of period	10,600	10,600
Total cash, cash equivalents, and restricted cash at end of period shown in the Condensed Consolidated Statements of Cash Flows	\$ 16,069	\$ 22,706
Supplemental non-cash investing and financing activities		
Acquisition of property and equipment included in current liabilities	\$ 57,209	\$ 63,776
Acquisition of property and equipment included in current liabilities during the period	\$ 1,750	\$ 23,820
Acquisition of property and equipment included in financing liabilities	\$ —	\$ 34,275
Offering costs included in current liabilities	\$ 903	\$ 903
Recognition of convertible debentures	\$ —	\$ 71,438
Issuance of shares for extinguishment of convertible debt under PPA agreement	\$ 87,418	\$ 71,911
Issuance of shares for extinguishment of convertible debt under convertible debenture	\$ 22,254	\$ 49,219
Recognition of warrant liability	\$ 26,275	\$ 112,401
Recognition of derivative liability	\$ 24,857	\$ 4,310
Recognition of derivative asset	\$ —	\$ 5,966
Accretion on preferred shares	\$ 3,174	\$ —
Non-cash settlement of accounts payable	\$ 125	\$ —
Recognition of operating lease right-of-use asset	\$ —	\$ 272
Reclassification of warrant liability to additional paid in capital	\$ —	\$ 19,510
Exchange of equity classified warrants	\$ 43,416	\$ —

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CANOO INC.
Notes to Condensed Consolidated Financial Statements
(dollars in thousands, unless otherwise stated) (unaudited)

1. Organization and Description of the Business

Canoo Inc. (“Canoo” or the “Company”) is a high tech advanced mobility technology company with a proprietary modular electric vehicle platform and connected services initially focused on commercial fleet, government and military customers. The Company has developed a breakthrough EV platform that it believes will enable it to rapidly innovate and bring new products addressing multiple use cases to market faster than its competition and at a lower cost.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The Company's unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the rules and regulations of the SEC and accounting principles generally accepted in the United States of America (“GAAP”) for interim reporting. Accordingly, certain notes or other information that are normally required by GAAP have been omitted if they substantially duplicate the disclosures contained in the Company's annual audited Consolidated Financial Statements. Accordingly, the unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Company's audited financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on April 1, 2024 (“Annual Report on Form 10-K”). Results of operations reported for interim periods are not necessarily indicative of results for the entire year. In the opinion of management, the Company has made all adjustments necessary to present fairly its Condensed Consolidated Financial Statements for the periods presented. Such adjustments are of a normal, recurring nature. The Company's financial statements have been prepared under the assumption that the Company will continue as a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

The accompanying unaudited Condensed Consolidated Financial Statements include the results of the Company and its subsidiaries. The Company's comprehensive loss is the same as its net loss.

Except for any updates below, no material changes have occurred with respect to the Company's significant accounting policies disclosed in Note 2 of the Notes to the Consolidated Financial Statements in Part II, Item 8 of the Annual Report on Form 10-K.

Reverse Stock Split

On February 29, 2024, the Company held a special meeting of its stockholders to approve an amendment to the Company's Second Amended and Restated Certificate of Incorporation to effect a reverse stock split of the Company's Common Stock at a reverse stock split ratio ranging from 1:2 to 1:30, and to authorize the Board to determine the timing of the amendment at its discretion at any time, if at all, but in any case prior to the one-year anniversary of the date on which the reverse stock split is approved by the Company's stockholders. On March 8, 2024, the Company effected a 1-for-23 reverse stock split (the “Reverse Stock Split”) of the Company's Common Stock. As a result of the Reverse Stock Split, every 23 shares of the Company's issued and outstanding Common Stock as of 8:00 a.m. (Eastern Time) on March 8, 2024 was automatically combined into one issued and outstanding share of Common Stock, with no change in par value per share. No fractional shares of Common Stock were issued as a result of the Reverse Stock Split. Any fractional shares in connection with the Reverse Stock Split were rounded down to the nearest whole share and cash payments were made to the stockholders. The Reverse Stock Split had no impact on the number of shares of Common Stock or Preferred Stock that the Company is authorized to issue pursuant to its certificate of incorporation. Proportional adjustments were made to the number of shares of Common Stock issuable upon exercise or conversion of the Company's equity awards and warrants, as well as the applicable exercise price. All share and per share information included in this Quarterly Report on Form 10-Q has been retroactively adjusted to reflect the impact of the Reverse Stock Split.

Liquidity and Capital Resources

The Company's principal sources of liquidity are its unrestricted cash balance and the Company's principal access to capital is under the July 2024 PPA (as defined in Note 10). The Company has incurred losses and negative cash flows from operating activities since inception and has a working capital deficit. The Company had negative cash flows from operating activities of \$109.9 million for the nine months ended September 30, 2024. The Company expects to continue to incur net losses and negative cash flows from operating activities in accordance with its operating plan and expects that

expenditures will increase significantly in connection with its ongoing activities. These conditions and events raise substantial doubt about the Company's ability to continue as a going concern.

As an early-stage growth company, the Company's ability to access capital is critical. Although management continues to explore raising additional capital through a combination of debt financing, other non-dilutive financing and/or equity financing to supplement the Company's capitalization and liquidity, management cannot conclude as of the date of this filing that its plans are probable of being successfully implemented.

The Company believes substantial doubt exists about the Company's ability to continue as a going concern for twelve months from the date of issuance of the Company's Condensed Consolidated Financial Statements. The Condensed Consolidated Financial Statements do not include any adjustments that might result from the outcome of this uncertainty.

Macroeconomic Conditions

Current adverse macroeconomic conditions, including but not limited to heightened inflation, slower growth or recession, changes to fiscal and monetary policy, higher interest rates, currency fluctuations, challenges in the supply chain could negatively affect the Company's business.

Ultimately, the Company cannot predict the impact of current or worsening macroeconomic conditions. The Company continues to monitor macroeconomic conditions to remain flexible and to optimize and evolve its business as appropriate. To do this, the Company is working on projecting demand and infrastructure requirements and deploying its workforce and other resources accordingly.

Fair Value of Financial Instruments

The Company applies the provisions of ASC 820, *Fair Value Measurements and Disclosures*, which provides a single authoritative definition of fair value, sets out a framework for measuring fair value and expands on required disclosures about fair value measurement. Fair value represents the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company uses the following hierarchy in measuring the fair value of the Company's assets and liabilities, focusing on the most observable inputs when available:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active for identical or similar assets and liabilities, 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 Valuations are based on inputs that are unobservable and significant to the overall fair value measurement of the assets or liabilities. Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company's financial assets and liabilities not measured at fair value on a recurring basis include cash and cash equivalents, restricted cash, accounts payable, and other current liabilities and are reflected in the financial statements at cost. Cost approximates fair value for these items due to their short-term nature.

Contingent Earnout Shares Liability

The Company has a contingent obligation to issue shares of Common Stock to certain stockholders and employees upon the achievement of certain market share price milestones within specified periods (the "Earnout Shares"). The Company determined that the right to Earnout Shares represents a contingent liability that meets the definition of a derivative and recognized it on the balance sheet at its fair value upon the grant date. The right to Earnout Shares is remeasured at fair value each period through earnings. The fair value is determined using Level 3 inputs, since estimating

the fair value of this contingent liability requires the use of significant and subjective inputs that may and are likely to change over the duration of the liability with related changes in internal and external market factors. The tranches were valued using a Monte Carlo simulation of the stock prices using an expected volatility assumption based on the historical volatility of the price of the Company's stock and implied volatility derived from the price of exchange traded options on the Company's stock. Upon the occurrence of a bankruptcy or liquidation, any unissued Earnout Shares would be fully issued regardless of whether the share price target has been met.

Convertible Debt

The Company accounts for convertible debt that does not meet the criteria for equity treatment in accordance with the guidance contained in ASU 2020-06 *Debt—Debt with Conversion and Other Options (Subtopic 470-20)* and *Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)*: Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. The Company classifies convertible debt based on the repayment terms and conditions. Any discounts or premiums on the convertible debt and costs incurred upon issuance of the convertible debt are amortized to interest expense over the terms of the related convertible debt. Convertible debt is also analyzed for the existence of embedded derivatives, which may require bifurcation from the convertible debt and separate accounting treatment. For derivative financial instruments that are accounted for as assets or liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the Condensed Consolidated Statements of Operations. Refer to Note 10 for further information.

The Company has elected the fair value option to account for the YA Convertible Debentures, the Ninth Pre-Paid Advance, the Tenth Pre-Paid Advance, the June Prepaid Advance, the Initial July Prepaid Advance and the First Supplemental Advance (all as defined in Note 10 and collectively "Convertible Debt") and recorded such instruments at fair value upon issuance. The Company records changes in fair value in the Condensed Consolidated Statements of Operations, with the exception of changes in fair value due to instrument-specific credit risk which, if present, will be recorded as a component of other comprehensive income. Interest expense related to the Convertible Debt is included in the changes in fair value. As a result of applying the fair value option, direct costs and fees related to the Convertible Debt were expensed as incurred.

Warrants

The Company determines the accounting classification of warrants it issues as either liability or equity classified by first assessing whether the warrants meet liability classification in accordance with ASC 480-10, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* ("ASC 480"), then in accordance with ASC 815-40 ("ASC 815"), *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock*. Under ASC 480, warrants are considered liability classified if the warrants are mandatorily redeemable, obligate the Company to settle the warrants or the underlying shares by paying cash or other assets, or warrants that must or may require settlement by issuing variable number of shares. If warrants do not meet liability classification under ASC 480, the Company assesses the requirements under ASC 815, which states that contracts that require or may require the issuer to settle the contract for cash are liabilities recorded at fair value, irrespective of the likelihood of the transaction occurring that triggers the net cash settlement feature. If the warrants do not require liability classification under ASC 815, and in order to conclude equity classification, the Company also assesses whether the warrants are indexed to its common stock and whether the warrants are classified as equity under ASC 815 or other applicable GAAP. After all relevant assessments, the Company concludes whether the warrants are classified as liability or equity. Liability classified warrants require fair value accounting at issuance and subsequent to initial issuance with all changes in fair value after the issuance date recorded in the statements of operations. Equity classified warrants only require fair value accounting at issuance with no changes recognized subsequent to the issuance date. Refer to Note 16 for information regarding the warrants issued.

Redeemable Preferred Stock

Accounting for convertible or redeemable equity instruments in the Company's own equity requires an evaluation of the hybrid security to determine if liability classification is required under ASC 480-10. Liability classification is required for freestanding financial instruments that are not debt in legal form and are: (1) subject to an unconditional obligation requiring the issuer to redeem the instrument by transferring assets (i.e., 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 outside permanent equity (i.e., classified in temporary equity). Securities classified in temporary equity are initially measured at the proceeds received, net of issuance costs and excluding the fair value of bifurcated embedded derivatives (if any). Subsequent measurement of the carrying value is not required unless the instrument is probable of becoming redeemable or

is currently redeemable. When the instruments are currently redeemable or probable of becoming redeemable, the Company 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. Refer to Note 14 for information regarding the Redeemable Preferred Stock issued.

Stock-Based Compensation

The Company accounts for stock-based compensation awards granted to employees and directors based on the awards' estimated grant date fair value. The Company estimates the fair value of its Common Stock options using the Black-Scholes-Merton option-pricing model. For stock-based awards that vest solely based on continued service ("service-only vesting conditions"), the resulting fair value is recognized under the graded vesting method over the requisite service period, which is usually the vesting period and generally four years. The Company recognizes the fair value of stock-based awards which contain performance conditions using the graded vesting method, when it is probable the performance condition will be met. The Company recognizes the fair value of stock-based awards which contain market conditions, such as stock price milestones, by simulating a range of possible future stock prices for the Company over the performance period using a Monte-Carlo simulation model to determine the grant date fair value. The Company accounts for forfeitures as they occur. The Company classifies stock-based compensation expense in its Consolidated Statement of Operations in the same manner in which the award recipient's payroll costs are classified. For grants to non-employees, an expense is recognized when the good or service is received.

The Company estimates the fair value of RSUs based on the market price of the Company's Common Stock underlying the awards on the grant date. Fair value for awards with stock price performance metrics is calculated using the Monte Carlo simulation model, which incorporates stock price correlation and other variables over the time horizons matching the performance periods. Refer to Note 15 for awards granted to employees during the period.

Cancellation of an existing equity-classified award along with a concurrent grant of a replacement award is accounted for as a modification under ASC 718. Total compensation cost to be recognized in connection with a modification and concurrent grant of a replacement award is equal to the original grant date fair value plus any incremental fair value, calculated as the excess of the fair value of the replacement award over the fair value of the original awards on the cancellation date. Any incremental compensation cost related to vested awards is recognized immediately on the modification date. Any incremental compensation cost related to unvested awards is recognized prospectively over the remaining service period, in addition to the remaining unrecognized grant date fair value.

Net income (loss) per Share

Basic and diluted net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of the Company's common shares outstanding during the period, after consideration for potential dilutive securities. For periods when the Company is in a net loss position, diluted net loss per share is the same as basic net loss per share, since the effects of potentially dilutive securities are antidilutive.

3. Recent Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board ("FASB"), in the form of ASUs, to the FASB's Accounting Standards Codification.

The Company considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have an immaterial impact on the Company's Condensed Consolidated Financial Position, Results of Operations or Cash Flows.

Recently Issued Accounting Pronouncements Adopted

In March 2023, the FASB issued ASU No. 2023-01, Leases (Topic 842): Common Control Arrangements ("ASU 2023-01"), which amends certain provisions of ASC 842 that apply to arrangements between related parties under common control. Specifically, it amends the accounting for leasehold improvements. The amendments requires a lessee in a common-control lease arrangement to amortize leasehold improvements that it owns over the improvements' useful life to the common control group, regardless of the lease term, if the lessee continues to control the use of the underlying asset through a lease. The amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted in any annual or interim period as of the beginning of the

related fiscal year. The adoption of ASU 2023-01 did not have material impact on the Company’s unaudited Condensed Consolidated Financial Statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”) to enhance the transparency and decision usefulness of income tax disclosures, primarily related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company is currently assessing the provisions of this new pronouncement and evaluating any material impact that this guidance may have on our Consolidated Financial Statements.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (“ASU 2023-07”) to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently assessing the provisions of this new pronouncement and evaluating any material impact that this guidance may have on our Consolidated Financial Statements.

On October 9, 2023, the FASB issued ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative, which amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification (the “Codification”). The ASU was issued in response to the SEC’s August 2018 final rule that updated and simplified disclosure requirements that the SEC believed were “redundant, duplicative, overlapping, outdated, or superseded.” The new guidance is intended to align U.S. GAAP requirements with those of the SEC and to facilitate the application of U.S. GAAP for all entities. The effective date for each amendment will be the date on which the SEC’s removal of that related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The Company is currently assessing the provisions of this new pronouncement and evaluating any material impact that this guidance may have on our Consolidated Financial Statements.

4. Fair Value Measurements

The following table summarizes the Company’s assets and liabilities that are measured at fair value on a recurring basis as required by ASC 820, by level, within the fair value hierarchy as of September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024			
	Fair Value	Level 1	Level 2	Level 3
Liability				
Convertible debt, current	\$ 42,640	\$ —	\$ —	\$ 42,640
Derivative liability, non-current	\$ 9,888	\$ —	\$ —	\$ 9,888
Warrant liability, non-current	\$ 26,618	\$ —	\$ 26,618	\$ —
	December 31, 2023			
	Fair Value	Level 1	Level 2	Level 3
Liability				
Contingent earnout shares liability	\$ 41	\$ —	\$ —	\$ 41
Derivative liability, current	\$ 860	\$ —	\$ —	\$ 860
Convertible debt, current	\$ 16,052	\$ —	\$ —	\$ 16,052
Derivative liability, non-current	\$ 25,919	\$ —	\$ —	\$ 25,919
Warrant liability, non-current	\$ 17,390	\$ —	\$ 17,390	\$ —

The Company’s Contingent Earnout liability, convertible debt, derivative liabilities are considered “Level 3” fair value measurement. Refer to Note 2 for discussion of the Company’s methods for valuation.

The Company entered into the Ninth Pre-Paid Advance, Tenth Pre-Paid Advance, June Prepaid Advance, Initial July Prepaid Advance and First Supplemental Advance as discussed in Note 10, whereby the Company elected to account for the transactions under the fair value option of accounting upon issuance. The Ninth Pre-Paid Advance and June Prepaid Advance were fully paid off as of the end of the reporting period. The Company estimated the fair value of the Tenth Pre-Paid Advance, Initial July Prepaid Advance, and First Supplemental Advance based on assumptions used in the Monte Carlo simulation model using the following inputs as of the end of the reporting period:

	Tenth Pre-Paid Advance	Initial July Prepaid Advance	First Supplemental Advance
Stock price	\$ 0.98	\$ 0.98	\$ 0.98
Risk free interest rate	4.8 %	4.6 %	4.5 %
Interest rate	5.0 %	5.0 %	5.0 %
Expected volatility	106.2 %	115.7 %	111.6 %
Expected dividend yield	— %	— %	— %
Remaining term (in years)	0.2	0.3	0.4

Following is a summary of the change in fair value of the Convertible Debt for the nine months ended September 30, 2024 and September 30, 2023 (in thousands).

<i>Convertible Debt</i>	Nine months ended September 30,	
	2024	2023
Beginning fair value	\$ 16,052	\$ —
Additions during the period	87,046	71,438
Payments in cash and common stock during the period	(97,091)	—
Change in fair value during the period	36,633	1,339
Ending fair value	\$ 42,640	\$ 72,777

As the proceeds of the freestanding instruments identified within the Ninth Pre-Paid Advance exceeded the fair value, a gain on issuance on convertible debt was recognized. As the fair value of the freestanding instruments identified within the Tenth Pre-Paid Advance, June Prepaid Advance and Initial July Prepaid Advance exceeded the proceeds received, losses on issuance on convertible debt were recognized. Refer to Note 10 for further information.

The Company has a contingent obligation to issue shares of Common Stock to certain stockholders and employees upon the achievement of certain market share price milestones within specified periods. Issuances are made in three tranches of approximately 0.2 million shares, for a total of 0.7 million shares, each upon reaching share price targets within specified time frames from December 21, 2020 ("Earnout Date"). The first tranche was not issued given the share price did not reach the specified threshold as of December 21, 2022. The second tranche will be issued if the share price reaches \$575.00 within four years of the closing of the Earnout Date. The third tranche will be issued if the share price reaches \$690.00 within five years of the Earnout Date. The tranches may also be issued upon a change of control transaction that occurs within the respective timeframes and results in per share consideration exceeding the respective share price target. As of September 30, 2024, the Company has a remaining contingent obligation to issue 0.4 million shares of Common Stock, the ending fair value of which is nominal based on changes in the fair value of the Earnout Shares liability, driven primarily by changes in the share price of the Company's Common Stock.

Following is a summary of the change in fair value of the Earnout Shares liability for the nine months ended September 30, 2024 and September 30, 2023 (in thousands).

<i>Earnout Shares Liability</i>	Nine months ended September 30,	
	2024	2023
Beginning fair value	\$ 41	\$ 3,013
Change in fair value during the period	(41)	(2,843)
Ending fair value	\$ —	\$ 170

The Company entered into a Lease Agreement ("Lease Agreement") with I-40 OKC Partners LLC ("I-40") which contained a "Market Value Shortfall" provision that meets the definition of a derivative, valued at \$0.6 million at inception. The shortfall expired in April 2024, upon which the Company recorded a gain on the derecognition of the liability of \$1.6 million. The amount was included within Gain (Loss) on extinguishment of debt and other. The fair value of the Market Value Shortfall derivative measured as of December 31, 2023 and immediately prior to expiration was \$0.9 million and \$1.6 million, respectively, resulting in a loss of \$0.7 million during the nine months ended September 30, 2024 which is included within Gain on fair value change in warrant and derivative liability within the Condensed Consolidated Statement of Operations.

The Company entered into the Series B Preferred Stock Purchase Agreement with the Series B Preferred Stock Purchaser whose conversion feature meets the definition of a derivative liability which requires bifurcation (refer to Note 14). The Company estimated the fair value of the conversion feature derivative embedded in the Series B Preferred Stock Purchase Agreement based on assumptions used in the Monte Carlo simulation model using the following inputs as of the end of the reporting period: the price of the Company's Common Stock of \$0.98; a risk-free interest rate of 3.6%; expected volatility of the Company's Common Stock of 117.3%; expected dividend yield of 0.0%; and remaining term of 4.03 years. The fair value of the conversion feature derivative measured as of December 31, 2023 and September 30, 2024 was \$2.9 million and \$2.4 million, respectively, resulting in a gain of \$23.6 million during the nine months ended September 30, 2024 included within the Condensed Consolidated Statement of Operations.

The Company entered into the Series C Preferred Stock Purchase Agreement with the Series C Preferred Stock Purchasers (as defined in Note 14) whose conversion feature meets the definition of a derivative liability which requires bifurcation. The Company estimated the fair value of the conversion feature derivative embedded in the Series C Preferred Stock Purchase Agreement based on assumptions used in the Monte Carlo simulation model using the following inputs as of the end of the reporting period: the price of the Company's Common Stock of \$0.98; a risk-free interest rate of 3.6%; expected volatility of the Company's Common Stock of 117.3%; expected dividend yield of 0.0%; and remaining term of 4.59 years. The fair value of the conversion feature derivative measured as of issuance and September 30, 2024 was \$2.9 million and \$7.5 million, respectively, resulting in a gain of \$17.3 million during the nine months ended September 30, 2024 included within the Condensed Consolidated Statement of Operations.

Following is a summary of the change in fair value of the derivative liability for the nine months ended September 30, 2024 and September 30, 2023 (in thousands).

<i>Derivative liability</i>	Nine months ended September 30,	
	2024	2023
Beginning fair value	\$ 26,779	\$ —
Additions during the period	24,857	4,310
Derecognition of liability upon expiration of agreement	(1,604)	(774)
Change in fair value during the period	(40,144)	(2,998)
Ending fair value	\$ 9,888	\$ 538

Refer to Note 16 for discussion related to warrants fair value measurements.

5. Reorganization and Related Exit Costs

In August 2024, the Company initiated an employee reorganization plan (the “Employee Reorganization Plan”), which includes a reduction of the number of employees in its Torrance, California (the “Torrance Facility”), and the relocation of remaining employees, inventory and certain fixed assets to the Company’s Oklahoma or Texas facilities.

As part of the Employee Reorganization Plan, the Company will incur non- recurring move costs, employee relocation benefits, severance and other related exit costs, as well as recognize certain non-cash impairment charges resulting from or associated with the Torrance Facility.

The following table summarizes the costs recorded during the three months and nine months ended September 30, 2024 and the remaining liabilities as of September 30, 2024 (in thousands):

	Costs Recognized	Remaining Liability as of September 30, 2024
Employee related relocation costs	\$ 2,710	\$ 2,591
Other exit costs	702	702
Impairment loss - leasehold improvements	9,243	—
Impairment of right-of-use asset - operating lease	3,400	—
	<u>\$ 16,055</u>	<u>\$ 3,293</u>

During the three months ended September 30, 2024, the Company paid \$0.1 million related to employee related relocation costs. Of the remaining liability of \$3.3 million as of September 30, 2024, \$2.6 million is included in Accrued expenses and other current liabilities (refer to Note 9) and \$0.7 million is included in Other liabilities. The Company will recognize future move related costs totaling approximately \$1.6 million when they are incurred and expects that the move and relocation activities will be substantially completed by March 31, 2025.

6. Prepaids and Other Current Assets

Prepaids and other current assets consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Prepaid expense	\$ 7,328	\$ 9,300
Short term deposits	4,179	6,312
Deferred battery supplier cost	1,100	—
Accounts receivable	786	—
Other current assets	204	487
Prepaids and other current assets	<u>\$ 13,597</u>	<u>\$ 16,099</u>

7. Inventory

Inventory consisted of the following (in thousands)

	September 30, 2024	December 31, 2023
Raw materials	\$ 9,490	\$ 5,727
Work-in-progress	343	346
Finished goods	80	80
Inventory	<u>\$ 9,913</u>	<u>\$ 6,153</u>

The Company writes down inventory for any excess or obsolete inventories or when we believe that the net realizable value of inventories ("LCNRV") is less than the carrying value. No write-downs were recorded during the three and nine months ended September 30, 2024. For the three and nine months ended September 30, 2023, we recorded write-downs of \$0.4 million, which are reported in Cost of revenues within the Condensed Consolidated Statements of Operations.

8. Property and Equipment, net

Property and equipment, net consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Tooling, machinery, and equipment	\$ 51,450	\$ 44,025
Computer hardware	8,925	8,921
Computer software	9,835	9,835
Vehicles	1,695	1,528
Building	28,475	28,475
Land	5,800	5,800
Furniture and fixtures	877	788
Leasehold improvements	2,095	17,470
Construction-in-progress	<u>312,030</u>	<u>307,489</u>
Total property and equipment	421,182	424,331
Less: Accumulated depreciation	<u>(52,442)</u>	<u>(47,231)</u>
Total property and equipment, net	<u>\$ 368,740</u>	<u>\$ 377,100</u>

Construction-in-progress is primarily related to the development of manufacturing lines as well as equipment and tooling necessary in the production of the Company's vehicles. Completed tooling assets are transferred to their respective asset classes and depreciation begins when an asset is ready for its intended use.

As a result of the Torrance reorganization discussed in Note 5, the Company re-evaluated its asset grouping and recognized an impairment loss of \$0.2 million related to its leasehold improvements.

Depreciation expense for property and equipment was \$3.8 million and \$10.6 million for the three and nine months ended September 30, 2024 respectively, of which a nominal amount is included in Cost of revenue. Depreciation expense for property and equipment was \$1.5 million and \$10.6 million for the three and nine months ended September 30, 2023, respectively.

9. Accrued Expenses and Other Current liabilities

Accrued expenses consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Accrued property and equipment purchases	\$ 28,523	\$ 29,433
Accrued research and development costs	12,129	15,913
Accrued professional fees	9,442	6,623
ERC financing liability	9,786	—
Operating lease liabilities, current portion	3,365	3,086
Accrual for reorganization and related exit costs	3,293	—
Other accrued expenses	8,547	8,846
Total accrued expenses and other current liabilities	<u>\$ 75,085</u>	<u>\$ 63,901</u>

The ERC financing liability represents the amount received in May 2024, in accordance with an agreement entered into with a third-party investor ("ERC Agreement") pursuant to which the investor purchased, for approximately \$9.0 million in cash, the economic interest, at a discount of approximately \$2.3 million, in our rights to payment from the Internal Revenue Service ("IRS") with respect to the employee retention credits for the nine month period ended September 30, 2021, as filed by the Company in January 2024 under the Coronavirus Aid, Relief, and Economic Security Act. The amount received by the Company pursuant to the ERC Agreement was recorded as an accrued liability, pending final determination by and receipt of such payment from the IRS. The discount is being accreted over the period the IRS claim is expected to be received and recorded as interest expense. For the three and nine months ended September 30, 2024, accretion totaled \$0.8 million.

10. Convertible Debt

Yorkville PPAs

Initial PPA

On July 20, 2022, the Company entered into the Pre-Paid Advance Agreement (the "Initial PPA") with YA II PN, Ltd. ("Yorkville") pursuant to which the Company could request advances of up to \$50.0 million in cash from Yorkville, with an aggregate limit of \$300.0 million (the "Pre-Paid Advance"). Amounts outstanding under Pre-Paid Advances could be offset by the issuance of shares of Common Stock to Yorkville at a price per share calculated pursuant to the Initial PPA as the lower of 120.0% of the daily volume-weighted average price ("VWAP") on Nasdaq as of the day immediately preceding the date a Pre-Paid Advance was made ("Fixed Price") or 95.0% of the VWAP on Nasdaq as of the day immediately preceding the conversion date, which in no event would be less than \$23.00 per share ("Floor Price"). The third Pre-Paid Advance (the "Third Pre-Paid Advance") amended the purchase price to be the lower of 110.0% of the VWAP on Nasdaq as of the day immediately preceding the date a Pre-Paid Advance was made ("Amended Fixed Price") or 95.0% of the VWAP on Nasdaq during the five days immediately preceding the conversion date, which in no event would be less than \$1.50 per share ("Amended Floor Price"). The Company's stockholders approved the Amended Floor Price, which was proposed and voted on at the special meeting of Company stockholders held on January 24, 2023. The Company's stockholders further approved the Second Amended Floor Price (as defined below), which was proposed and voted on at the special meeting of Company stockholders held on October 5, 2023. The issuance of the shares of Common Stock under the Initial PPA is subject to certain limitations, including that the aggregate number of shares of Common Stock issued pursuant to the Initial PPA (including the aggregation with the issuance of shares of Common Stock under Standby Equity Purchase Agreement entered into by the Company with Yorkville on May 10, 2022 (the "SEPA"), which was terminated effective August 26, 2022) cannot exceed 19.9% of the Company's outstanding shares of Common Stock as of May 10, 2022 ("PPA Exchange Cap"). The Company's stockholders approved the issuance of shares of the Company's Common Stock in excess of the PPA Exchange Cap, which was proposed and voted on at the special meeting of Company stockholders held on January 24, 2023. Interest accrues on the outstanding balance of any Pre-Paid Advance at an annual rate equal to 5.0%, subject to an increase to 15.0% upon events of default described in the Initial PPA. Except for the Tenth

Pre-Paid Advance, each Pre-Paid Advance has a maturity date of 15 months from the Pre-Paid Advance Date. Yorkville is not entitled to participate in any earnings distributions until a Pre-Paid Advance is offset with shares of Common Stock.

Between July 2022 and October 2022, Yorkville agreed to advance amounts to the Company on account of the first and second pre-paid advances (“Previous Pre-Paid Advances”) in accordance with the Initial PPA. The Previous Pre-Paid Advances were fully paid off through the issuance of shares of Common Stock to Yorkville as of December 31, 2022.

On November 10, 2022, Yorkville agreed to advance \$20.0 million to the Company on account of the Third Pre-Paid Advance in accordance with the Initial PPA. On December 31, 2022, the Company received an aggregate of \$32.0 million on account of the fourth Pre-Paid Advance in accordance with the Initial PPA (the “Fourth Pre-Paid Advance”). In accordance with the second supplemental agreement, the Fourth Pre-Paid Advance may, at the sole option of Yorkville, be increased by up to an additional \$8.5 million (the “YA PPA Option”). On January 13, 2023, Yorkville partially exercised their option, and increased their investment amount by \$5.3 million, which resulted in net proceeds of \$5.0 million, and was applied to the Fourth Pre-Paid Advance. Pursuant to the second supplemental agreement, the Fourth Pre-Paid Advance included issuances of warrants to Yorkville. Of the aggregate Fourth Pre-Paid Advance proceeds, \$14.8 million was allocated to convertible debt presented in the Consolidated Balance Sheets as of December 31, 2022, and an additional \$2.3 million was allocated to convertible debt as a result of Yorkville exercising the YA PPA Option. Refer to Note 16, Warrants, for further information on the warrants and the allocation of proceeds. During the year 2023, the Third Pre-Paid Advance and Fourth Pre-Paid Advance were each fully paid off through the issuance of 2.9 million shares of Common Stock in the aggregate to Yorkville.

On September 11, 2023, Yorkville agreed to advance \$12.5 million to the Company on account of the fifth Pre-Paid Advance in accordance with the Initial PPA (the “Fifth Pre-Paid Advance”). The net proceeds received by the Company, after giving effect to the commitment fee and the purchase price discount provided for in the Initial PPA, was \$11.8 million. Of the aggregate proceeds, \$6.0 million was allocated to derivative assets for an embedded conversion feature included in the Fifth Pre-Paid Advance. Any portion of the convertible debt settled using the Variable Price (as defined further in Note 10) will be extinguished as a share settled redemption while any settlement using the Fixed Price or the applicable floor price will be settled via conversion accounting. As of December 31, 2023, the Fifth Pre-Paid Advance was fully paid off through the issuance of 1.2 million shares of Common Stock to Yorkville.

The Company's stockholders approved an amendment to the Initial PPA with Yorkville to lower the minimum price which shares may be sold from \$11.50 per share to \$2.30 per share (the “Second Amended Floor Price”), which was proposed and voted on at the special meeting of Company stockholders held on October 5, 2023 (the “October Special Meeting”).

On November 21, 2023, Yorkville agreed to advance \$21.3 million to the Company on account of the Sixth Pre-Paid Advance in accordance with the Initial PPA (the “Sixth Pre-Paid Advance”). The net proceeds received by the Company, after giving effect to the commitment fee and the purchase price discount provided for in the Initial PPA, was \$20.0 million. As of February 8, 2024, the Sixth Pre-Paid Advance was fully paid off through the issuance of 6.1 million shares of Common Stock to Yorkville. For the nine months ended September 30, 2024, the loss on extinguishment of debt from repaying the Sixth Pre-Paid Advance was \$1.2 million and interest expense incurred as a result of effective interest under the Initial PPA was \$0.2 million.

On December 20, 2023, Yorkville agreed to advance \$16.0 million to the Company on account of the Seventh Pre-Paid Advance in accordance with the Initial PPA (the “Seventh Pre-Paid Advance”). The net proceeds received by the Company, after giving effect to the commitment fee and the purchase price discount provided for in the Initial PPA, was \$15.0 million. As of March 12, 2024, the Seventh Pre-Paid Advance was fully paid off through the issuance of 2.9 million shares of Common Stock to Yorkville, in addition to \$7.2 million of cash. For the nine months ended September 30, 2024, the loss on extinguishment of debt from repaying the Seventh Pre-Paid Advance was \$0.5 million and interest expense incurred as a result of effective interest under the Initial PPA was \$0.4 million.

On January 11, 2024, Yorkville agreed to advance \$17.5 million to the Company on account of the Eighth Pre-Paid Advance in accordance with the Initial PPA (the “Eighth Pre-Paid Advance”). The net proceeds received by the Company, after giving effect to the commitment fee and the purchase price discount provided for in the Initial PPA, was \$16.5 million. As of March 12, 2024, the Eighth Pre-Paid Advance was fully paid off through the issuance of 4.1 million shares of Common Stock to Yorkville, in addition to \$8.3 million of cash. For the nine months ended September 30, 2024, the loss on extinguishment of debt from repaying the Eighth Pre-Paid Advance was \$0.6 million and interest expense incurred as a result of effective interest under the Initial PPA was \$0.4 million.

On January 31, 2024, Yorkville agreed to advance \$20.0 million to the Company on account of the Ninth Pre-Paid Advance in accordance with the Initial PPA (the “Ninth Pre-Paid Advance”). The net proceeds received by the Company, after giving effect to the commitment fee and the purchase price discount provided for in the Initial PPA, was

\$18.8 million. The Company elected to account for the Ninth Pre-Paid Advance under the fair value option of accounting upon issuance, due to the simplification of accounting when electing the fair value option. The proceeds were allocated to all freestanding instruments recorded at fair value. As of March 12, 2024, the Ninth Pre-Paid Advance was fully paid off through the issuance of 1.3 million shares of Common Stock to Yorkville, in addition to \$17.5 million of cash. For the nine months ended September 30, 2024, the loss on extinguishment of debt from repaying the Ninth Pre-Paid Advance was nominal.

On March 12, 2024, Yorkville agreed to advance \$62.0 million to the Company on account of the Tenth Pre-Paid Advance in accordance with the Initial PPA (the "Tenth Pre-Paid Advance"). Approximately \$33.0 million of the proceeds received from the Tenth Pre-Paid Advance were used to repay the remaining outstanding amounts on the Seventh, Eighth, and Ninth Pre-Paid Advances (refer to above). The net proceeds received by the Company, after giving the effect to the repayment, financing charges of \$ 14.0 million provided for in the Initial PPA, were \$ 15.0 million. The Company elected to account for the Tenth Pre-Paid Advance under the fair value option of accounting upon issuance, due to the simplification of accounting when electing the fair value option. With respect to the Tenth Pre-Paid Advance, the Purchase Price (as such term is used in the Initial PPA) is currently equal to \$2.30 per share. The Tenth Pre-Paid Advance had an initial stated maturity date of six months from the anniversary of the Tenth Pre-Paid Advance (i.e., September 12, 2024), however, in the October Omnibus Consent (as defined below), the Company and Yorkville agreed to amend the stated maturity date until March 12, 2025. Pursuant to the terms of the Initial PPA, upon such maturity date, the Company would be required to pay Yorkville an amount in cash equal to the outstanding Pre-Paid Advances Amount, plus accrued and unpaid interest thereon.

During the nine months ended September 30, 2024, 19.7 million shares of Common Stock converted at the Second Amended Floor Price have been issued under the Tenth Pre-Paid Advance, with a gain on extinguishment of debt of \$8.1 million recorded.

As of September 30, 2024, a principal balance of \$17.5 million remains outstanding under the Tenth Pre-Paid Advance.

The Initial PPA provides that in respect of any Pre-Paid Advance, if the VWAP of shares of Common Stock is less than the Floor Price (as amended from time to time) for at least five trading days during a period of seven consecutive trading days or the Company has issued substantially all of the shares of Common Stock available under the PPA Exchange Cap, then the Company is required to make monthly cash payments of amounts outstanding under any Pre-Paid Advance beginning on the 10th calendar day and continuing on the same day of each successive calendar month until the entire amount of such Pre-Paid Advance balance has been paid or until the payment obligation ceases. Pursuant to the Initial PPA, the monthly payment obligation ceases if the PPA Exchange Cap no longer applies and the VWAP is greater than the Floor Price (as amended from time to time) for a period of five consecutive trading days, unless a subsequent triggering date occurs.

The Company, at its option, has the right, but not the obligation, to repay early in cash a portion or all amounts outstanding under any Pre-Paid Advance, provided that the VWAP of the Common Stock is less than the Fixed Price during a period of three consecutive trading days immediately prior to the date on which the Company delivers a notice to Yorkville of its intent and such notice is delivered at least ten trading days prior to the date on which the Company will make such payment. If elected, the early repayment amount is to include a 3.0% redemption premium ("Redemption Premium"). If any Pre-Paid Advances are outstanding and any event of default has occurred, the full amount outstanding under the Pre-Paid Advances plus the Redemption Premium, together with interest and other amounts owed in respect thereof, will become, at Yorkville's election, immediately due and payable in cash.

June 2024 PPA

On June 13, 2024 (the "June PPA Date"), the Company entered into a Prepaid Advance Agreement with Yorkville (the "June 2024 PPA," and together with the Initial PPA and the July 2024 PPA (as defined below), collectively, the "Yorkville PPAs"). In accordance with the terms of the June 2024 PPA, on the June PPA Date, Yorkville agreed to advance \$15.0 million to the Company (the "June Prepaid Advance"). After giving effect to the commitment fee and the purchase price discount provided for in the June 2024 PPA, net proceeds of the June Prepaid Advance to the Company were approximately \$14.1 million. The Company elected to account for the June Prepaid Advance under the fair value option of accounting upon issuance, due to the simplification of accounting when electing the fair value option. The proceeds were allocated to all freestanding instruments recorded at fair value.

On August 28, 2024, \$15.0 million in principal amount and approximately \$0.2 million of accrued and unpaid interest remained outstanding under the June 2024 PPA (such amounts, collectively, the "Outstanding June PPA Amount"). Pursuant to the First Supplemental Agreement (as defined below), the Company used a portion of the proceeds from the First Supplemental Advance (as defined below) to repay all of the Outstanding June PPA Amount. Yorkville waived the

Redemption Premium (as defined in the June 2024 PPA) on the Outstanding June PPA Amount and any prior notice period required pursuant to the June 2024 PPA. As such, as of August 28, 2024, none of the June Prepaid Advance remains outstanding and the Company did not issue any shares of Common Stock to Yorkville pursuant to the June 2024 PPA. For the nine months ended September 30, 2024, the loss on extinguishment of debt from repaying the June Prepaid Advance was \$3.6 million.

As of September 30, 2024, no balance remained outstanding under the June Prepaid Advance.

July 2024 PPA

On July 19, 2024 (the "July Effective Date"), the Company entered into a Prepaid Advance Agreement with Yorkville (the "July 2024 PPA," and together with the Initial PPA, collectively, the "Current Yorkville PPAs"). In accordance with the terms of the July 2024 PPA, the Company may request advances of up to \$ 15.0 million in cash from Yorkville (or such greater amount that the parties may mutually agree) (each, a "Prepaid Advance"), including an initial Prepaid Advance of \$ 15.0 million (the "Initial July Prepaid Advance") requested by the Company in connection with entering the July 2024 PPA and from time to time thereafter, with an aggregate limitation on the Prepaid Advances of \$100.0 million. A Prepaid Advance will be offset upon the issuance of shares of our Common Stock to Yorkville.

The Initial July Prepaid Advance will be offset upon the issuances of shares of Common Stock at an initial Purchase Price (when reference to the July 2024 PPA, as such term is used in the July 2024 PPA) equal to \$2.70 per share. On any date after September 17, 2024, the Purchase Price on any remaining amount of the Initial July Prepaid Advance then outstanding at such time will be the lower of (i) \$2.70 per share and (ii) 95% of the lowest daily VWAP of the Common Stock during five trading days immediately preceding the date on which Yorkville provides the purchase notice to the Company (the "July PPA Variable Price"); however, in no event shall the Purchase Price under the July 2024 PPA be less than \$1.00 per share (the "July PPA Floor Price").

With respect to a Prepaid Advance other than the Initial July Prepaid Advance, such Prepaid Advance will be offset upon the issuances of shares of Common Stock at a Purchase Price equal to the lower of (i) 120% of the daily VWAP of the Common Stock on Nasdaq as of the trading day immediately prior to the date of the disbursement of such Prepaid Advance (the "YA Fixed Price") and (ii) the July PPA Variable Price; however, in no event shall the Purchase Price be lower than the current July PPA Floor Price.

After giving effect to the commitment fee, structuring fee and the purchase price discount provided for in the July 2024 PPA, net proceeds of the Initial July Prepaid Advance to the Company were approximately \$14.1 million. The issuance of Common Stock under the July 2024 PPA is subject to certain limitations, including, among others, that the aggregate number of shares (including share issuances under the June 2024 PPA) of Common Stock issued pursuant to the July 2024 PPA cannot exceed 19.99% of the Common Stock as of June 13, 2024 ("Current Yorkville Exchange Cap") unless the Company's stockholders have approved issuances in excess of the Current Yorkville Exchange Cap. Pursuant to the terms of the July 2024 PPA, interest accrues on the outstanding balance of a Prepaid Advance at an annual rate equal to 5%, subject to an increase to 15% upon events of default described in the July 2024 PPA.

In connection with the Initial July Prepaid Advance, on the July Effective Date, the Company issued to Yorkville a warrant to purchase approximately 2.8 million shares of Common Stock each at an exercise price of \$2.70 per share, exercisable beginning on January 19, 2025 and with an expiration date of July 19, 2029 (the "July YA Warrants"). The July YA Warrants include customary adjustment provisions for stock splits, combinations and similar events.

Furthermore, at each closing of any additional Prepaid Advance, the Company (upon agreement between the Company and Yorkville at such time) may issue to Yorkville a warrant for the purchase of up to such number of Common Stock determined by dividing one hundred percent of the principal amount of such Prepaid Advance by the YA Fixed Price in respect of such Prepaid Advance, with an exercise price equal to the YA Fixed Price in respect of such Prepaid Advance and with a five year expiration date from the date of issuance (any such issuances, "Additional YA Warrants"). Additional YA Warrants will include customary adjustment provisions for stock splits, combinations and similar events.

The Company elected to account for the July 2024 PPA Agreement under the fair value option of accounting upon issuance. As of September 30, 2024, a principal balance of \$15.0 million remains outstanding under the Initial July Prepaid Advance.

First Supplemental Agreement

On August 28, 2024 (the "August Supplemental Date"), the Company entered into a Supplemental Agreement (the "First Supplemental Agreement") with Yorkville to the July 2024 PPA. Pursuant to the First Supplemental Agreement, Yorkville agreed to advance \$25.2 million to the Company (the "First Supplemental Advance"). Pursuant to the terms of

the First Supplemental Agreement, the Company used a portion of the proceeds from the First Supplemental Advance to repay all of the Outstanding June PPA Amount. After giving effect to the commitment fee and the purchase price discount provided for in the July 2024 PPA, as well as the repayment of the Outstanding June PPA Amount, net proceeds of the First Supplemental Advance to the Company were \$9.4 million. The First Supplemental Advance will be offset upon the issuances of shares of Common Stock at a Purchase Price equal to the lower of (i) \$1.76 per share and (ii) 95% of the lowest daily volume weighted average price ("VWAP") of our Common Stock during five trading days immediately preceding the date on which the Purchase Notice is provided to us; provided that in no event shall the Purchase Price be less than the July PPA Floor Price.

In connection with the First Supplemental Advance, on the August Supplemental Date, the Company issued to Yorkville a warrant to purchase 2.8 million shares of Common Stock each at an exercise price of \$1.76 per share, exercisable beginning on February 28, 2025 and with an expiration date of August 28, 2029 (the "August YA Warrant"). The August YA Warrant includes customary adjustment provisions for stock splits, combinations and similar events.

The Company elected to account for the First Supplemental Advance under the fair value option of accounting upon issuance, due to the simplification of accounting when electing the fair value option. The proceeds were allocated to all freestanding instruments at fair value, which includes the associated warrant. During the nine months ended September 30, 2024, 3.8 million shares of Common Stock converted at the Second Amended Floor Price have been issued under the First Supplemental Advance, with a loss on extinguishment of debt of \$0.3 million recorded.

As of September 30, 2024, a principal balance of \$20.0 million remains outstanding under the First Supplemental Agreement.

Yorkville Convertible Debentures

On April 24, 2023, the Company entered into a securities purchase agreement with Yorkville in connection with the issuance and sale of convertible debentures in an aggregate principal amount of \$48.0 million (the "April Convertible Debenture"). The net proceeds received by the Company from Yorkville included a 6.0% discount of the loan in accordance with the terms of the April Convertible Debenture. Amounts outstanding under the April Convertible Debenture could be offset by the issuance of shares of Common Stock to Yorkville. The April Convertible Debenture was paid off through the issuance of 4.1 million shares of Common Stock to Yorkville during the year ended December 31, 2023. The remaining outstanding balance was subsequently assumed by the August Convertible Debenture (defined below).

On June 30, 2023, the Company entered into a securities purchase agreement with Yorkville (the "July Convertible Debenture") in connection with the issuance and sale by the Company of convertible debentures in an aggregate principal amount of \$26.6 million (the "July Initial Loan"). The convertible debenture was initially recognized on the settlement date of July 3, 2023, and net proceeds received by the Company from Yorkville included a 6.0% discount of the July Initial Loan in accordance with the terms of the July Convertible Debenture. The July Convertible Debenture was paid off through the issuance of 4.4 million shares of Common Stock to Yorkville during the year ended December 31, 2023.

On August 2, 2023, the Company entered into a Securities Purchase Agreement with Yorkville (the "August Convertible Debenture") in connection with the issuance and sale by the Company of convertible debentures in an aggregate principal amount of \$27.9 million (the "August Initial Loan"). The net proceeds received by the Company from Yorkville includes a 6.0% discount of the Loan in accordance with the YA Convertible Debenture. Yorkville has the right and option (the "August Loan Option") to purchase additional convertible debentures in an aggregate principal amount of up to \$53.2 million. In conjunction with the August Initial Loan, the Company issued to Yorkville an initial warrant (the "August Initial Warrant") to purchase 2.2 million shares of Common Stock at an exercise price of \$12.42 per share. Yorkville did not exercise the August Loan Option, as a result of which, the August Loan Option and the related August Option Warrant are no longer applicable. During the year 2023, 4.2 million shares of Common Stock were previously issued to Yorkville. As of January 8, 2024, the August Convertible Debentures was fully paid off through the issuance of an additional 1.2 million shares of Common Stock to Yorkville, resulting in a loss on extinguishment of debt of \$0.3 million. During the nine months ended September 30, 2024, the Company incurred nominal interest expense.

On September 26, 2023, the Company entered into a Securities Purchase Agreement with Yorkville (the "September Convertible Debenture", together with the August Convertible Debenture, collectively, the "YA Convertible Debentures"), receiving an aggregate of \$ 15.0 million (the "September Initial Debenture"). The net proceeds received by the Company from Yorkville includes a 16.5% discount of the Loan in accordance with the September Convertible Debenture. Yorkville has the right and option (the "September Loan Option") to purchase additional convertible debentures in an aggregate principal amount of up to \$30.0 million. In conjunction with the September Convertible Debenture, the Company issued to Yorkville an initial warrant (the "September Initial Warrant") to purchase 1.2 million shares of

Common Stock at an exercise price of \$12.42. If Yorkville exercises the September Loan Option, the Company will issue to Yorkville an additional warrant (the "September Option Warrant") for a number of shares of Common Stock determined by dividing the principal amount so exercised (up to \$30.0 million) by \$12.42 per share. Yorkville did not exercise the September Loan Option, as a result of which, the September Loan Option and the related September Option Warrant are no longer applicable. As of January 19, 2024, the September Convertible Debentures was fully paid off through the issuance of 3.5 million shares of Common Stock to Yorkville, resulting in a loss on extinguishment of debt of \$0.8 million. During the nine months ended September 30, 2024, the Company incurred \$0.1 million of interest expense.

Amounts outstanding in the YA Convertible Debentures could be offset by the issuance of shares of Common Stock to Yorkville at a price per share calculated at the lower of \$11.50 (the "Note Fixed Price") or 95.0% of the lowest daily VWAP on Nasdaq as of the five immediately preceding the conversion date ("Variable Price"), which in no event would be less than \$2.30 per share. The issuance of the shares of Common Stock under the YA Convertible Debentures are subject to certain limitations, including that the aggregate number of shares of Common Stock issued pursuant to the YA Convertible Debenture cannot exceed 4.1 million ("Note Exchange Cap"). With respect to the August Convertible Debenture, the Company's stockholders approved the issuance of shares of the Company's Common Stock in excess of the Note Exchange Cap, which was proposed and voted on at the October Special Meeting.

Interest accrues on the outstanding balance of the August Convertible Debenture and the September Convertible Debenture at an annual rate equal to 3.0%, subject to an increase to 15.0% upon events of default described in their respective agreements.

The Company elected to account for the August Convertible Debenture and the September Convertible Debenture under the fair value option of accounting upon issuance. The proceeds were allocated to all freestanding instruments recorded at fair value.

The primary reason for electing the fair value option is for simplification of accounting for the YA Convertible Debentures at fair value in its entirety versus bifurcation of the embedded derivatives. The fair value was determined using a Monte Carlo valuation model.

The YA Convertible Debentures provides that if the VWAP of shares of Common Stock is less than the then-applicable floor price for at least five trading days during a period of seven consecutive trading days ("Trigger Date") or the Company has issued substantially all of the shares of Common Stock available under the Note Exchange Cap, or the Company is unable to issue Common Stock to Yorkville which may be freely resold by Yorkville without any limitations or restrictions, including, without limitation, due to a stop order or suspension of the effectiveness of the Registration Statement, then the Company is required to make monthly cash payments of amounts outstanding under the YA Convertible Debentures beginning on the 10th Trading Day after the Trigger Date and continuing on the same day of each successive calendar month until the entire amount of the YA Convertible Debentures balance has been paid or until the payment obligation ceases. Pursuant to the YA Convertible Debenture, the monthly payment obligation ceases if the Exchange Cap no longer applies and the VWAP is greater than the Floor Price for a period of five consecutive trading days, unless a subsequent triggering date occurs.

The Company, at its option, has the right, but not the obligation, to repay early in cash a portion or all amounts outstanding under the YA Convertible Debentures, provided that the VWAP of the Common Stock is less than the Fixed Price during a period of three consecutive trading days immediately prior to the date on which the Company delivers a notice to Yorkville of its intent and such notice is delivered at least ten trading days prior to the date on which the Company will make such payment. If elected, the early repayment amount is to include a 5.0% redemption premium ("Redemption Premium"). If any event of default has occurred, the full amount outstanding under the Loan plus the Redemption Premium, together with interest and other amounts owed in respect thereof, will become, at Yorkville's election, immediately due and payable in cash.

11. Leases

The Company has entered into various lease agreements for office and manufacturing spaces.

Justin Texas Lease

On January 31, 2023, the Company entered into a real estate lease for an approximately 8,000 square foot facility in Justin, Texas with an entity owned by Tony Aquila, Executive Chair and Chief Executive Officer ("CEO") of the Company. The initial lease term is three years, five months, commencing on November 1, 2022, and terminating on March 31, 2026, with one option to extend the term of the lease for an additional five years. Prior to execution, the contract was a month-to-month arrangement. The total minimum lease payments over the initial lease term is \$0.3 million.

Oklahoma Manufacturing Facility Lease

On November 9, 2022, the Company entered into a PSA with Terex for the purchase of approximately 630,000 square foot vehicle manufacturing facility on approximately 121 acres in Oklahoma City, Oklahoma. On April 7, 2023, pursuant to the assignment of real estate purchase agreement, the Company assigned the right to purchase the Property to I-40 Partners, a special purpose vehicle managed by entities affiliated with the CEO. The Company then entered into a lease agreement with I-40 Partners commencing April 7, 2023. The lease term is approximately ten years with a five year renewal option and the minimum aggregate lease payment over the initial term is expected to be approximately \$44.3 million, which includes an equity portion of rent composed of \$1.5 million fully vested non-refundable shares. Refer to Note 16 on warrants issued in conjunction with this lease.

The lease was evaluated as a sale and leaseback of real estate because the Company was deemed to control the asset once the rights under the PSA were assigned to I-40 Partners. The Company accounted for the transaction as a financing lease since the lease agreement contains a repurchase option which precludes sale and leaseback accounting. The purchase option is exercisable between the third and fourth anniversary of the lease commencement in the greater of the fair value or a 150.0% of the amounts incurred by Landlord for the purchase price for the Property, the construction allowance, and expenses incurred with the purchase of the Property.

The lease did not qualify for sale-leaseback accounting and was accounted for as a financing obligation. Under a failed sale-leaseback transaction, the real estate assets are generally recorded on the Consolidated Balance Sheets and depreciated over their useful lives while a failed sale and leaseback financing obligation is recognized for the proceeds. As a result, the Company recorded an asset and a corresponding finance liability in the amount of the purchase price of \$34.2 million. The financing liability at inception was initially allocated to the warrants issued to I-40 valued at \$0.9 million described in Note 16 and the derivative liability valued at \$0.6 million described in Note 4.

As described above, for the failed sale and leaseback transaction, the Company reflects the real estate asset on the Balance Sheets in Property and equipment, net as if the Company was the legal owner, and continue to recognize depreciation expense over the estimated useful life. The Company does not recognize rent expense related to the lease but has recorded a liability for the failed sale and leaseback obligation and monthly interest expense. The Company could not readily determine the implicit rate in the lease, and therefore imputed an interest rate of approximately 10.0%. There have been no gains or losses recorded in connection with the transactions described above.

As of September 30, 2024, future minimum payments under the failed sale leaseback are as follows (in thousands):

2024	\$	886
2025		3,635
2026		4,097
2027		4,302
2028		4,384
Thereafter		21,647
Total payments	\$	38,951

Lease Portfolio

The Company uses an estimated incremental borrowing rate based on information available at lease commencement to determine the present value of lease payments when the rate implicit in the lease is not readily determinable. The weighted-average discount rate used was 6.7%. As of September 30, 2024, the remaining operating lease ROU asset and operating lease liability were \$30.2 million and \$36.5 million, respectively. As of December 31, 2023, the operating lease ROU asset and operating lease liability were \$36.2 million and \$38.8 million, respectively. As of September 30, 2024 and December 31, 2023, \$3.4 million and \$3.1 million, respectively, of the lease liability was determined to be short term and was included in accrued expenses and other current liabilities within the Condensed Consolidated Balance Sheets.

Related party lease expense related to the Company's leases in Justin, Texas was \$0.2 million and \$0.3 million for the three and nine months ended September 30, 2024, respectively. Related party lease expense related to the Company's

leases in Justin, Texas was \$0.2 million and \$0.5 million for the three and nine months ended September 30, 2023, respectively.

Certain lease agreements also provide the Company with the option to renew for additional periods. These renewal options are not considered in the remaining lease term unless its reasonably certain that the Company will exercise such options. The weighted average remaining lease term as of September 30, 2024, and December 31, 2023 was 8.0 years and 8.7 years, respectively.

Throughout the term of the lease agreements, the Company is responsible for paying certain operating costs, in addition to rent, such as common area maintenance, taxes, utilities, and insurance. These additional charges are considered variable lease costs and are recognized in the period in which costs are incurred.

Maturities of the Company's operating lease liabilities at September 30, 2024 were as follows (in thousands):

	Operating Lease
2024	\$ 1,403
2025	5,728
2026	5,504
2027	5,532
2028	5,813
Thereafter	23,707
Total lease payments	47,687
Less: imputed interest ⁽¹⁾	11,164
Present value of operating lease liabilities	36,523
Current portion of operating lease liabilities ⁽²⁾	3,365
Operating lease liabilities, net of current portion	<u>\$ 33,158</u>

(1) Calculated using the incremental borrowing rate

(2) Included within Accrued expenses and other current liabilities line item on the Condensed Consolidated Balance Sheets.

12. Commitments and Contingencies

Commitments

In connection with the commencement of the Company's Bentonville, Arkansas and Michigan leases in 2022, the Company issued standby letters of credit of \$0.5 million and \$1.1 million, respectively, which are included in restricted cash within the accompanying Consolidated Balance Sheets as of September 30, 2024. The letters of credit have 5 year and 13 year terms, respectively, and will not be drawn upon unless the Company fails to make its payments.

Refer to Note 11 for information regarding the lease arrangements.

Legal Proceedings

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. Refer to Part II, Item I for additional disclosures on certain legal proceedings.

On April 2, 2021, and April 9, 2021, the Company was named as a defendant in putative class action complaints filed in California on behalf of individuals who purchased or acquired shares of the Company's stock during a specified period. Through the complaint, plaintiffs are seeking, among other things, compensatory damages. On February 28, 2023, the court granted the Company's motion to dismiss with leave to amend. On March 10, 2023, the lead plaintiff filed a second amended consolidated complaint. On April 10, 2023, the court entered a stipulated order granting the lead plaintiff leave to file a third amended consolidated complaint and relieving defendants of any obligation to respond to the second amended consolidated complaint. The lead plaintiff filed a third amended consolidated complaint on September 8, 2023,

and defendants subsequently filed a motion to dismiss the third amended consolidated complaint. On January 4, 2024, the lead plaintiff filed his opposition to the defendants' motion to dismiss. On February 1, 2024, the defendants filed their reply in support of the motion to dismiss. On May 10, 2024, the court entered an order placing the motion to dismiss under submission and taking the hearing on the motion off calendar. The final determinations of liability arising from these litigation matters will only be made following comprehensive investigations and litigation processes.

In March 2022, the Company received demand letters on behalf of shareholders of the Company identifying purchases and sales of the Company's securities within a period of less than six months by DD Global Holdings Ltd. ("DDG") that resulted in profits in violation of Section 16(b) of the Exchange Act. On May 9, 2022, the Company brought an action against DDG in the Southern District of New York seeking the disgorgement of the Section 16(b) profits obtained by DDG from such purchases and sales. In the action, the Company seeks to recover an estimated \$61.1 million of Section 16(b) profits. In September 2022, the Company filed an amended complaint and DDG filed a motion to dismiss the amended complaint. On September 21, 2023, the court issued a decision denying DDG's motion to dismiss. DDG's answer to the complaint was filed on October 19, 2023. An initial pretrial conference was held on January 12, 2024, and the court entered the case management order that day. In October 2024, a settlement in principle was reached and the parties are negotiating the settlement agreement.

On January 16, 2024, the Company was named as a defendant in an action for damages and injunctive relief filed in the Southern District of New York by an affiliated party to DD Global Holdings Ltd., Champ Key Limited ("Champ Key"). The complaint alleges that the Company breached a registration rights agreement and violated Delaware law (6 Del. C. Section 8-401) when the Company refused in November 2022 to remove the restrictive legends on 17.2 million shares of Common Stock owned by Champ Key, thereby preventing Champ Key from selling the shares of Common Stock. The complaint alleges claims for breach of contract, violation of Delaware law, and seeks injunctive relief, compensatory damages in excess of \$23.0 million and punitive damages, interests, costs of suit and attorneys' fees. On March 1, 2024, the Company filed an answer and affirmative defenses to the complaint. An initial pretrial conference was held on May 14, 2024 and the court entered a case management schedule that day. Fact discovery is ongoing. In October 2024, a settlement in principle was reached and the parties are negotiating the settlement agreement.

On July 8, 2024, the Company, Canoo Sales, LLC and Canoo Technologies Inc. were each named as defendants, as well as additional employee staffing company defendants, in a putative class action complaint filed in Los Angeles Superior Court on behalf of individuals who are alleged to be employees of the defendants. Plaintiffs' counsel alleges violations under certain California state employment related claims on behalf of the putative class, including, among other things, unpaid compensation, failure to provide employees meal and rest periods, unpaid minimum and overtime wages and unreimbursed business expenses. The Company has retained counsel and has entered into a joint defense agreement with employee staffing company defendants. The defendants are currently reviewing the merits of the complaint. The final determinations of liability arising from this litigation matter will only be made following comprehensive investigations and litigation processes.

Indemnifications

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to vendors, lessors, investors, directors, officers, employees and other parties with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of such agreements, services to be provided by the Company, or from intellectual property infringement claims made by third-parties. These indemnifications 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 Company provided indemnifications to certain of its officers and employees with respect to claims filed by a former employee.

13. Related Party Transactions

On November 25, 2020, Canoo Holdings Ltd., prior to the Company's merger with HCAC ("Legacy Canoo") entered into an agreement, which remains in effect, with the CEO of the Company to reimburse Mr. Aquila for certain air travel expenses based on certain agreed upon criteria ("aircraft reimbursement"). The total aircraft reimbursement to Mr. Aquila for the use of an aircraft owned by Aquila Family Ventures, LLC ("AFV"), an entity controlled by Mr. Aquila, for the purposes related to the business of the Company was \$0.3 million and \$0.8 million for the three and nine months ended September 30, 2024, respectively. The reimbursement was approximately \$0.2 million and \$1.6 million for the three and nine months ended September 30, 2023, respectively. In addition, certain AFV staff provided the Company with shared services support in its Justin, Texas corporate office facility. For the three and nine months ended September 30, 2024, the Company paid AFV approximately \$0.2 million and \$0.5 million, respectively, for these services. For the three and nine

months ended September 30, 2023, the Company paid AFV approximately \$0.4 million and \$1.4 million, respectively, for these services.

On June 22, 2023, the Company entered into a Common Stock and Common Warrant Subscription Agreement with certain special purpose vehicles managed by entities affiliated with Mr. Aquila ("June 2023 PIPE"). The Subscription Agreement provides for the sale and issuance by the Company of 0.7 million shares of the Company's Common Stock, together with warrants to purchase up to 0.7 million shares of Common Stock at a combined purchase price of \$12.42 per share and accompanying warrants. The total net proceeds from the transaction was \$8.8 million. The warrant issued is further discussed in Note 16.

On August 4, 2023, the Company entered into a Common Stock and Common Warrant Subscription Agreement with certain special purpose vehicles managed by entities affiliated with Mr. Aquila ("August 2023 PIPE") and together with the June 2023 PIPE, collectively, the "PIPEs"). The Subscription Agreement provides for the sale and issuance by the Company of 0.2 million shares of the Company's Common Stock, together with warrants to purchase up to 0.2 million shares of Common Stock at a combined purchase price of \$12.42 per share and accompanying warrants. The total net proceeds from the transaction was \$3.0 million. The warrant issued is further discussed in Note 16.

On April 9, 2024, the Company entered into the Series C Preferred Stock Purchase Agreement (defined in Note 14) with certain special purpose vehicles managed by entities affiliated with Mr. Aquila (collectively, the "the Series C Preferred Stock Purchasers"). Pursuant to the terms of the Series C Preferred Stock Purchase Agreement (including the Additional Investment Right (as defined in Note 14), the Company sold, and the Series C Preferred Stock Purchasers purchased, 16,500 shares of the Company's Series C Preferred Stock in the aggregate, together with aggregate warrants to purchase up to 7.4 million shares of Common Stock at a combined purchase price of \$1,000.00 per share. The total proceeds from the transaction was \$16.5 million. The Company paid \$0.2 million of legal fees on behalf of the purchasers. The arrangement is further discussed in Note 14 and warrants issued are further discussed in Note 16.

14. Equity

Prior At-The-Market Offering Program

On August 8, 2022, the Company entered into an Equity Distribution Agreement (as supplemented by side letters entered into on August 8, 2022 and on October 5, 2022, the "Prior ATM Sales Agreement") with Evercore Group L.L.C. ("Evercore") and H.C. Wainwright & Co., LLC (collectively, the "Prior Agents"), to sell shares of Common Stock having an aggregate sales price of up to \$200.0 million, from time to time, through an "at-the-market offering" program under which the Prior Agents act as sales agents (the "Prior ATM Offering"). The sales are made by any method permitted by law deemed to be an "at-the-market offering" as defined in Rule 415 promulgated under the Securities Act of 1933, as amended. The Company is not obligated to sell any shares of Common Stock under the Prior ATM Sales Agreement and may at any time suspend solicitation and offers thereunder. The Prior ATM Sales Agreement expired pursuant to its terms on August 8, 2024 and is no longer in effect after such date.

Current At-The-Market Offering Program; First ATM Consent Agreement

On September 13, 2024, the Company entered into an Equity Distribution Agreement (the "Current ATM Sales Agreement") with Northland Securities, Inc. ("Northland") to sell shares of Common Stock having an aggregate sales price of up to \$200.0 million, from time to time, through an "at the market offering" program under which Northland will act as the sales agent (the "Current ATM Offering"). The sales are made by any method permitted by law deemed to be an "at-the-market offering" as defined in Rule 415 promulgated under the Securities Act of 1933, as amended.

The Current ATM Sales Agreement provides that Northland will be entitled to compensation for its services in an amount equal to 3.0% of the aggregate gross proceeds from the sales placed by Northland thereunder. The Current ATM Sales Agreement contains customary representations, warranties and agreements by the Company, indemnification obligations of the Company and Northland, other obligations of the parties and termination provisions. The Company is not obligated to sell any shares of Common Stock under the Current ATM Sales Agreement and may at any time suspend solicitation and offers thereunder. The offering of shares of Common Stock pursuant to the Current ATM Sales Agreement will terminate on the earlier of (i) the sale, pursuant to the Sales Agreement, of shares of Common Stock having an aggregate sales price of \$ 200.0 million and (ii) the termination of the Current ATM Sales Agreement by either the Company or Northland, as permitted therein.

Pursuant to the terms of each of the Current Yorkville PPAs, the Company may enter into an "at the market offering" or other continuous offering or similar offering of Common Stock with a registered broker-dealer, whereby the Company may sell Common Stock at a future determined price; provided, however, that the Company shall not be

permitted to execute transactions under such agreement unless (i) an Amortization Event (as defined in the Current Yorkville PPAs) has occurred and is continuing, or (ii) there is no balance outstanding under all prior Prepaid Advances (as defined in the Current Yorkville PPAs).

On September 13, 2024, the Company and Yorkville entered an Omnibus Consent to Pre-Paid Advance Agreements (the "First ATM Consent Agreement") whereby Yorkville consented to, solely with respect to the first \$5.0 million of gross proceeds received or receivable by the Company (such proceeds, the "Initial ATM Proceeds") pursuant to sales of Common Stock, sold under the Current ATM Offering (such sales up to the Initial ATM Proceeds, the "Initial ATM Sales"), the Company retaining 100% of the Initial ATM Proceeds; provided that any further sales under the Current ATM Offering would require Yorkville's prior written consent. See Note 19 for the written consent from Yorkville.

As of September 30, 2024, the Company received \$3.7 million in proceeds, net of fees totaling \$0.1 million, pursuant to the Current ATM Sales Agreement. On October 11, 2024, subsequent to quarter end, the Company and Yorkville entered into a second Omnibus Consent to Pre-Paid Advance Agreements, discussed in Note 19.

Other Issuances of Equity

On February 5, 2023, the Company entered into a securities purchase agreement ("RDO SPA") with certain investors. The RDO SPA provides for the sale and issuance by the Company of 2.2 million shares of the Company's Common Stock, together with warrants to purchase up to 2.2 million shares of Common Stock (the "RDO SPA Warrants") at a combined purchase price of \$24.15 per share and accompanying warrants. The total net proceeds from the transaction was \$49.4 million.

On February 5, 2023, the Company also issued warrants to purchase 0.1 million shares of our Common Stock (the "Placement Agent Warrants") to our placement agent as part of the compensation payable for acting as our exclusive placement agent in connection with the RDO SPA. The Placement Agent Warrants had the same terms as the warrants issued under the RDO SPA. These warrants are equity classified and were measured at fair value on the issuance date for a total of \$1.6 million.

The Company entered into other equity agreements including the Yorkville PPAs and YA Convertible Debentures discussed in Note 10, the PIPEs discussed in Note 13, and warrants issued to various parties discussed in Note 16.

Authorized Shares Amendment

On October 5, 2023, at the October Special Meeting, the Company's stockholders approved an amendment to Paragraph A of Article IV of the Company's Second Amended and Restated Certificate of Incorporation to increase the Company's number of shares of authorized Common Stock from 1.0 billion shares to 2.0 billion shares and the corresponding increase in the total number of authorized share of capital stock the Company may issue from 1.0 billion to 2.0 billion shares.

Series B Preferred Stock Purchase Agreement

On September 29, 2023, the Company entered into a securities purchase agreement (the "Series B Preferred Stock Purchase Agreement") with an institutional investor (the "Series B Preferred Stock Purchaser") in connection with the issuance, sale and delivery by the Company of an aggregate of 45,000 shares (the "Series B Preferred Shares") of the Company's 7.5% Series B Cumulative Perpetual Redeemable Preferred Stock, par value \$0.0001 per share (the "Series B Preferred Stock") and a stated value of \$1,000.00 per share, which is convertible into shares of the Company's Common Stock, and pursuant to which the Company issued warrants to purchase approximately 1.0 million shares of Common Stock (the "Series B Preferred Warrants"), for a total purchase price of \$45.0 million. On October 12, 2023, the Company closed the sale of the Series B Preferred Shares and the Series B Preferred Warrants to the Series B Preferred Stock Purchaser and filed the certificate of designation for the Series B Preferred Stock (the "Certificate of Designation"). The transaction is initially recognized on the settlement date of October 12, 2023. Refer to Note 16, Warrants, for further information on the Series B Preferred Warrants.

The Series B Preferred Stock is convertible into shares of Common Stock at an initial conversion price of approximately \$2.88 per common share ("Series B Conversion Price"), which is equal to 120.0% of the average Common Stock price of the Company for the ten consecutive trading days immediately preceding the closing of the transaction. The Series B Conversion Price is subject to customary anti-dilution and price protective adjustments. The holders have the ability to exercise the conversion rights at any time, or upon a Change of Control event (as defined in the Series B Certificate of Designation). The Series B Preferred Stock does not provide the holder with any voting rights. As of September 30, 2024, no conversion of the Series B Preferred Stock has occurred.

Upon the occurrence of certain contingent events, the Company may, at its option, redeem the Series B Preferred Stock for cash at a redemption price equal to 103.0% of the Liquidation Preference, plus any accumulated and unpaid dividends. Additionally, on or after October 12, 2028 ("Series B First Reset Date"), the Company may, at its option, redeem the Series B Preferred Stock at any time for cash at a redemption price equal to 103.0% of the Liquidation Preference plus any accumulated and unpaid dividends. Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the Series B Preferred Stock Purchaser will be entitled to payment out of the assets of the Company, prior and in preference to holders of Common Stock of the Company, in an amount per share equal to \$ 1,000.00 (the "Liquidation Preference") plus any accumulated and unpaid dividends thereon. As of September 30, 2024, the Liquidation Preference of the Series B Preferred Stock was \$48.1 million.

Dividends on the Series B Preferred Stock can be paid in either cash or in kind in the form of additional shares of Series B Preferred Stock, at the option of the Series B Preferred Stock Purchasers, subject to certain exceptions. The Company will pay dividends whether in cash or in kind at a rate of 7.5% per annum ("Series B Dividend Rate"), subject to certain adjustments and exceptions. On and after the Series B First Reset Date, the Series B Dividend Rate on the Series B Preferred Stock will increase by 1.5% per Payment Period. As of September 30, 2024, the accumulated but not declared or paid dividends on the Series B Preferred Stock were \$2.7 million.

Series C Preferred Stock

On April 9, 2024, the Company entered into a securities purchase agreement (the "Series C Preferred Stock Purchase Agreement") with the Series C Preferred Stock Purchasers in connection with the issuance, sale and delivery by the Company of 10,000 shares (the "Series C Preferred Shares") of the Company's 7.5% Series C Cumulative Perpetual Redeemable Preferred Stock, par value \$0.0001 per share (the "Series C Preferred Stock"), and a stated value of \$1,000.00 per share, which is convertible into shares of the Company's Common Stock, and pursuant to which the Company issued warrants to purchase approximately 4.5 million shares of Common Stock (the "Series C Preferred Warrants"), for a total purchase price of \$10.0 million.

Pursuant to the Series C Preferred Stock Purchase Agreement, on or prior to the date that is 20 business days after April 9, 2024, the Series C Preferred Stock Purchasers or affiliated entities had the right to purchase up to an additional \$15.0 million of Series C Preferred Shares and Series C Preferred Warrants on substantially identical terms (the "Additional Investment Right"). During the 20 business day period, the Series C Preferred Stock Purchasers and affiliated entities through separate securities purchase agreements agreed to purchase an additional 6,500 shares of Series C Preferred Stock and Series C Preferred Warrants to purchase up to 2.9 million shares of Common Stock for a total purchase price of \$6.5 million. On May 3, 2024, the Company closed the sale of the Series C Preferred Shares and Series C Preferred Warrants to the Series C Preferred Stock Purchasers and filed the certificate of designation for the Series C Preferred Stock (the "Series C Certificate of Designation"). Refer to Note 16 Warrants for further information on the Series C Preferred Warrants.

The Series C Preferred Stock is convertible into shares of Common Stock by the Series C Preferred Stock Purchasers at their option at a conversion price equal to the lesser of (i) 120.0% of the average Common Stock price of the Company for the ten consecutive trading days prior to conversion date, subject to a floor price of \$2.00, and (ii) \$2.24 (the "Series C Conversion Price"). The Series C Conversion Price is subject to customary anti-dilution and price protective adjustments. The holders have the ability to exercise the conversion rights at any time or upon a Change of Control (as defined in the Series C Certificate of Designation). Holders of the Series C Preferred Stock are entitled to vote as a single class with the holders of Common Stock. Each share of Series C Preferred Stock is entitled to a number of votes equal to the number of shares of Common Stock it is convertible into on the record date, subject to certain reductions and adjustments. As of September 30, 2024, no conversion of the Series C Preferred Stock has occurred.

Upon the occurrence of certain contingent events, the Company may, at its option, redeem the Series C Preferred Stock for cash at a redemption price equal to 103.0% of the Liquidation Preference, plus any accumulated and unpaid dividends. Additionally, on or after May 3, 2029 ("Series C First Reset Date"), the Company may, at its option, redeem the Series C Preferred Stock at any time for cash at a redemption price equal to 103.0% of the Liquidation Preference plus any accumulated and unpaid dividends. Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the Series C Preferred Stock Purchaser will be entitled to payment out of the assets of the Company, prior and in preference to holders of Common Stock of the Company, in an amount per share equal to \$ 1,000.00 (the "Liquidation Preference") plus any accumulated and unpaid dividends thereon. As of September 30, 2024, the Liquidation Preference of the Series C Preferred Stock was \$17.0 million. Refer to Note 4 Fair Value for further information on the conversion feature which meets the definition of a derivative liability.

As the value of the liabilities required to be subsequently measured at fair value exceeded the proceeds received, the Company recognized the excess of the fair value over the proceeds received as a loss upon issuance of preferred stock of \$25.6 million within Loss on fair value change in convertible debt and other.

Dividends on the Series C Preferred Stock can be paid in either cash or in kind in the form of additional shares of Series C Preferred Stock, at the option of the Series C Preferred Stock Purchasers, subject to certain exceptions. The Company will pay dividends whether in cash or in kind at a rate of 7.5% per annum ("Series C Dividend Rate"), subject to certain adjustments and exceptions. On and after the Series C First Reset Date, the Series C Dividend Rate on the Series C Preferred Stock will increase by 1.5% per Payment Period. As of September 30, 2024, the accumulated but not declared or paid dividends on the Series C Preferred Stock were \$0.5 million.

Based on an evaluation of the terms, the Company determined that the Series B Preferred Stock and Series C Preferred Stock are not eligible for permanent equity classification. Under GAAP, the Company is required to assume cash-settlement of the Series B Preferred Stock and Series C Preferred Stock in a conversion scenario that requires delivery of shares in excess of their respective share issuance exchange cap pursuant to Nasdaq Rule 5635. Accordingly, the Company presents the Series B Preferred Stock and Series C Preferred Stock outside of permanent equity (i.e., the Series B Preferred Stock and Series C Preferred Stock are presented in mezzanine equity).

The Company determined that cash settlement or redemption of the Series B Preferred Stock and Series C Preferred Stock is unlikely; therefore, the Series B Preferred Stock and Series C Preferred Stock are not currently redeemable or probable of becoming redeemable. As a result of the increasing rate dividend described above, the Company uses the interest method to accrete the carrying value of the Series B Preferred Stock and Series C Preferred Stock from the initial recognized value to its expected settlement value on the expected redemption date.

15. Stock-based Compensation

2024 CEO Equity Awards

On February 29, 2024, the Company held a special meeting of its stockholders to approve the issuance of a performance-vesting restricted stock unit award (the "CEO PSUs") representing the right to receive 1.7 million shares of the Company's Common Stock, 50.0% of which may vest based on the achievement of certain cumulative Company revenue milestones for the twelve months ended December 31, 2024 and for the twenty-four months ended December 31, 2025, and 50% of which may vest based on certain thresholds relating to the volume weighted average trading price of the Company's Common Stock any time during the twelve months ended December 31, 2024 and the twenty-four months ended December 31, 2025, subject to continuous services requirements through the applicable service vesting date. Additionally, the approval also included the issuance of a restricted stock unit award (the "CEO RSUs" and, together with the "CEO PSUs", the "CEO Equity Awards") representing the right to receive 3.4 million shares of the Company's Common Stock, the initial 50.0% of which vested immediately and the latter 50.0% of which will vest in equal increments on January 1, 2025 and January 1, 2026.

In connection with the issuance of the CEO Equity Awards, previously granted restricted stock units were automatically cancelled and forfeited. The cancellation of prior awards and issuance of the CEO Equity Awards was determined to be a modification. At the modification date, the vesting conditions for all awards besides a tranche of CEO PSUs that vest upon achievement of revenue milestones were expected to be satisfied. The incremental stock-based compensation expense recognized as a result of the modification of the awards during the three and nine ended September 30, 2024 was \$1.1 million and \$6.0 million, respectively.

Restricted Stock Units

The Company granted stock to compensate existing employees and attract top talent, primarily through various forms of equity, including restricted stock unit awards ("RSU"). Each RSU represents a contingent right to receive one share of Common Stock. During the three and nine months ended September 30, 2024, 2.1 million and 5.9 million RSUs, inclusive of the CEO RSUs, were granted subject to time-based vesting, respectively. During the three and nine months ended September 30, 2023, 9.6 million and 19.1 million RSUs, inclusive of the CEO RSUs, were granted subject to time-based vesting, respectively.

The total fair value of restricted stock units granted during the three and nine months ended September 30, 2024, were \$.1 million and \$13.8 million, respectively. The total fair value of restricted stock units granted during the three and nine months ended September 30, 2023 were \$5.9 million and \$12.7 million, respectively.

Performance-Based Restricted Stock Units

Performance stock unit awards (“PSU”) represent the right to receive a share of Common Stock if service, performance, and market conditions, or a combination thereof, are met over a defined period. PSUs that contain a market condition, such as stock price milestones, are subject to a Monte Carlo simulation model to determine the grant date fair value by simulating a range of possible future stock prices for the Company over the performance period. The grant date fair value of the market condition PSUs is recognized as compensation expense over the greater of the Monte Carlo simulation model’s derived service period and the arrangement’s explicit service period, assuming both conditions must be met.

PSUs subject to performance conditions, such as operational milestones, are measured on the grant date, the total fair value of which is calculated as the product of the number of PSUs and the grant date stock price. Compensation expense for PSUs with a performance condition is recorded each period based upon a probability assessment of the expected outcome of the performance metric with a final adjustment upon measurement at the end of the performance period. The PSUs vest based on the Company’s achievement of certain specified operational milestones by various dates through December 2025. The Company granted zero PSUs to employees during the three and nine months ended September 30, 2024 and 2023, except as noted below as it relates to the CEO. As of September 30, 2024, the Company’s analysis determined that these operational milestone events are probable of achievement and as such, compensation expense, excluding the impact of forfeitures, of \$0.1 million and \$0.5 million has been recognized for the previously awarded PSUs to employees during the three and nine months ended September 30, 2024, respectively. The compensation expense recognized during the three and nine months ended September 30, 2023 was \$0.8 million and \$3.5 million, respectively.

There were zero and 1.7 million PSUs granted to the CEO during the three and nine months ended September 30, 2024, respectively with a grant date fair value of \$0.0 million and \$3.2 million, respectively. There were zero PSUs granted to the CEO during the three and nine months ended September 30, 2023. The compensation expense recognized for PSUs to the CEO was \$0.5 million and \$2.6 million for the three and nine months ended September 30, 2024, respectively. The compensation expense recognized for PSUs to the CEO was \$3.5 million and \$10.6 million, for the three and nine months ended September 30, 2023, respectively.

The following table summarizes the Company’s stock-based compensation expense by line item for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Research and development	\$ (1,341)	\$ 626	\$ (1,390)	\$ 4,970
Selling, general and administrative	2,987	6,282	15,120	18,481
Total	<u>\$ 1,647</u>	<u>\$ 6,908</u>	<u>\$ 13,730</u>	<u>\$ 23,451</u>

The credit amount of stock-based compensation recorded within research and development for the three and nine months ended September 30, 2024 was the result of forfeitures due to terminations. The Company’s total unrecognized compensation cost as of September 30, 2024, was \$10.6 million.

2020 Employee Stock Purchase Plan

The 2020 Employee Stock Purchase Plan (the “2020 ESPP”) was adopted by the board of directors on September 18, 2020, approved by the stockholders on December 18, 2020, and became effective on December 21, 2020, with the merger between HCAC and Legacy Canoo. On December 21, 2020, the board of directors delegated its authority to administer the 2020 ESPP to the Compensation Committee. The Compensation Committee determined that it is in the best interests of the Company and its stockholders to implement successive three-month purchase periods. The 2020 ESPP provides participating employees with the opportunity to purchase up to a maximum number of shares of Common Stock of 0.2 million, plus the number of shares of Common Stock that are automatically added on January 1st of each year for a

period of ten years, in an amount equal to the lesser of (i) 1.0% of the total number of shares of Common Stock outstanding on December 31st of the preceding calendar year, and (ii) 0.4 million shares of Common Stock.

During the three and nine months ended September 30, 2024, total employee withholding contributions for the 2020 ESPP was a nominal amount and \$0.1 million, respectively. During the three and nine months ended September 30, 2023, total employee withholding contributions for the 2020 ESPP was \$0.2 million and \$0.8 million, respectively. A nominal amount and \$ 0.1 million of stock-based compensation expense was recognized for the 2020 ESPP during the three and nine months ended September 30, 2024, respectively, and \$0.1 million and \$0.4 million of stock-based compensation expense was recognized for the 2020 ESPP during the three and nine months ended September 30, 2023, respectively.

16. Warrants

Public Warrants

As of September 30, 2024, the Company had approximately 1.0 million public warrants outstanding. Each public warrant entitles the registered holder to purchase 23 shares of Common Stock at a price of \$264.50 per share, subject to adjustment. The public warrants will expire on December 21, 2025, or earlier upon redemption or liquidation.

There were no public warrants exercised for the three and nine months ended September 30, 2024 and 2023.

VDL Nedcar Warrants

In February 2022, the Company and a company related to VDL Nedcar entered into an investment agreement, under which the VDL Nedcar-related company agreed to purchase shares of Common Stock for an aggregate value of \$8.4 million, at the market price of Common Stock as of December 14, 2021. As a result, the Company issued 42.3 thousand shares of Common Stock upon execution of the agreement. The Company also issued a warrant to purchase an aggregate 42,271 shares of Common Stock to VDL Nedcar at exercise prices ranging from \$414.00 to \$920.00 per share, which are classified as equity. The exercise period is from November 1, 2022, to November 1, 2025 ("Exercise Period"). The warrant can be exercised in whole or in part during the Exercise Period but can only be exercised in three equal tranches and after the stock price per Common Stock has reached at least the relevant exercise price. None of the warrants have been exercised as of September 30, 2024.

Walmart Warrants

On July 11, 2022, Canoo Sales, LLC, a wholly-owned subsidiary of the Company, entered into an Electric Vehicle Fleet Purchase Agreement (the "Walmart EV Fleet Purchase Agreement") with Walmart. Pursuant to the Walmart EV Fleet Purchase Agreement, subject to certain acceptance and performance criteria, Walmart agreed to purchase at least 4,500 EVs, with an option to purchase up to an additional 5,500 EVs, for an agreed upon capped price per unit determined based on the EV model. The Walmart EV Fleet Purchase Agreement (excluding any work order or purchase order as a part thereof) has a five-year term, unless earlier terminated.

In connection with the Walmart EV Fleet Purchase Agreement, the Company entered into a Warrant Issuance Agreement with Walmart pursuant to which the Company issued to Walmart a warrant to purchase an aggregate of 2.7 million shares of Common Stock, subject to certain anti-dilutive adjustments, at an exercise price of \$9.45 per share, which represented approximately 20.0% ownership in the Company on a fully diluted basis as of the issuance date. As a result of the anti-dilution adjustments, as of September 30, 2024, the warrant is exercisable for an aggregate of 2.9 million shares of Common Stock at a per share exercise price of \$44.87. The warrant has a term of 10 years and is vested with respect to 0.7 million shares of Common Stock. The warrant will vest quarterly in amounts proportionate with the net revenue realized by the Company from transactions with Walmart or its affiliates under the Walmart EV Fleet Purchase Agreement or enabled by any other agreement between the Company and Walmart, and any net revenue attributable to any products or services offered by Walmart or its affiliates related to the Company, until such net revenue equals \$300.0 million, at which time the warrant will have vested fully.

Since the counterparty is also a customer, the issuance of the warrant was determined to be consideration payable to a customer within the scope of ASC 606, *Revenue from Contracts with Customers*, and was measured at fair value on the warrant's issuance date. Accordingly, the warrant vested immediately, which resulted in a corresponding deferred warrant asset presented on the Condensed Consolidated Balance Sheets under ASC 606 that will be amortized on a pro-rata basis, commencing upon initial performance, over the term of the Walmart EV Fleet Purchase Agreement.

The fair value of the warrant at the issuance date was measured using the Black-Scholes-Merton option pricing model. The key inputs used in the valuation were as follows:

Expected term (years)		10.0
Risk free interest rate		3.0 %
Expected volatility		91.3 %
Dividend yield		— %
Exercise price	\$	49.45
Stock price	\$	83.49

Estimates were determined as follows: (i) expected term based on the warrant’s contractual term, (ii) based on the blended volatilities of historical and implied market volatility of the Company, (iii) risk-free interest rates based on US Treasury yield for the expected term, and (iv) an expected dividend yield of zero percent was used since the Company has not yet and does not currently expect to pay dividends.

As of September 30, 2024, a total of 0.7 million warrants have vested, of which none have been exercised.

Yorkville Warrants

In connection with the YA Convertible Debentures discussed in Note 10, as well as a previously paid off convertible debenture issued with a warrant to purchase 2.1 million shares, the Company issued warrants to Yorkville to purchase an aggregate of 5.5 million shares of Common Stock, with an exercise price of \$12.42 per share (collectively, the “Yorkville Debenture Warrants”). The Yorkville Debenture Warrants are immediately exercisable and will expire five years from the issuance date.

The Yorkville Debenture Warrants were liability classified and subject to periodic remeasurement. The fair value of the warrants at the issuance date was measured using the Black-Scholes option pricing model. The warrants were reclassified to equity as a result of the special meeting of the Company stockholders held on October 5, 2023. The Company elected to value the YA Convertible Debentures at fair value therefore the total proceeds from the transaction were allocated among the freestanding financial instruments. Refer to Note 10 for additional discussion. The total fair value of the warrants measured at issuance was \$61.5 million. As of October 5, 2023, the warrants were reclassified to equity and the fair value of the warrants was \$43.4 million.

In connection with the Yorkville PPA discussed in Note 10, on December 31, 2022, the Company issued warrants to Yorkville to purchase an aggregate of 1.3 million shares of Common Stock, with an exercise price of \$26.45 per share and expiration date of December 31, 2023. On January 13, 2023, Yorkville partially exercised its option to increase its investment and the Company issued warrants to Yorkville to purchase an additional 0.2 million shares of Common Stock. Upon the expiration of the option on January 31, 2023, a \$0.3 million gain was recognized as a result of remeasuring the warrant liability and \$19.5 million was reclassified from liability to additional paid in capital. The exercise price of the warrants was adjusted to \$24.15 per share on February 9, 2023 and subsequently adjusted to \$14.26 per share on April 24, 2023.

On January 31, 2024, the Company and Yorkville entered into a Warrant Cancellation and Exchange Agreement (the “January WC&E Agreement”). Pursuant to the January WC&E Agreement, Yorkville surrendered to the Company and the Company cancelled all outstanding Yorkville Debenture Warrants, which outstanding Yorkville Debenture Warrants represented the right to purchase an aggregate of 5.5 million shares of Common Stock, and in exchange, the Company issued to Yorkville (i) a warrant to purchase 4.8 million shares of Common Stock at an exercise price of \$4.14, exercisable beginning on July 31, 2024 and with an expiration date of February 1, 2029 (the “January First Warrant”) and (ii) a warrant to purchase 5.5 million shares of Common Stock at an exercise price of \$4.14, exercisable beginning on July 31, 2024 and with an expiration date of February 1, 2029 (the “January Second Warrant”) and together with the January First Warrant, collectively, the “January Yorkville Warrants”). The warrants were previously equity classified with a carrying value of \$43.4 million prior to the January WC&E Agreement, at which point in time the warrants became liability classified.

On March 12, 2024, the Company and Yorkville entered into a Warrant Cancellation and Exchange Agreement (the “March WC&E Agreement”). Pursuant to the March WC&E Agreement, on March 12, 2024, Yorkville surrendered to the Company and the Company cancelled all of the outstanding January Yorkville Warrants, and in exchange, the Company issued to Yorkville (i) a warrant to purchase 10.4 million shares of Common Stock at an exercise price of \$1.37,

exercisable beginning on September 12, 2024 and with an expiration date of March 13, 2029 and (ii) a warrant to purchase 10.9 million shares of Common Stock at an exercise price of \$1.37, exercisable beginning on September 12, 2024 and with an expiration date of March 13, 2029 (the warrants set forth in clauses (i) and (ii), collectively, the "March Yorkville Warrants").

The March Yorkville Warrants are classified as liabilities and subject to periodic remeasurement. The fair value of the warrants was measured using the Black-Scholes-Merton option pricing model. The key inputs used in the valuation were as follows:

Expected term (year)		4.5
Expected volatility		117.3 %
Dividend yield		— %
Risk free rate		3.4 %
Estimated fair value per warrant	\$	0.75
Exercise price	\$	1.37
Stock price	\$	0.98

Estimates were determined as follows: (i) expected term based on the warrant's contractual term, (ii) based on the blended volatilities of historical and implied market volatility of the Company, (iii) risk-free interest rates based on US Treasury yield for the expected term, and (iv) an expected dividend yield of zero percent was used since the Company has not yet and does not currently expect to pay dividends.

The fair value as of September 30, 2024 was \$16.0 million resulting in a gain of \$22.8 million and \$27.4 million for the three and nine months ended September 30, 2024, respectively. None of the warrants have been exercised as of September 30, 2024.

RDO SPA Warrants

On February 5, 2023, the Company received net proceeds of \$49.4 million in connection with the RDO SPA. The Company issued the RDO SPA Warrants to multiple parties to purchase an aggregate of 2.2 million shares of Common Stock, with an exercise price of \$29.90 per share and will be initially exercisable beginning six months following the date of issuance and will expire five years from the initial exercise date.

The warrants are liability classified and subject to periodic remeasurement. The fair value of the warrants was measured using the Black-Scholes-Merton option pricing model. The key inputs used in the valuation were as follows:

Expected term (years)		3.9
Expected volatility		117.3 %
Expected dividend rate		— %
Risk free rate		3.6 %
Estimated fair value per warrant	\$	0.26
Exercise price	\$	29.90
Stock price	\$	0.98

Estimates were determined as follows: (i) expected term based on the warrant's contractual term, (ii) based on the blended volatilities of historical and implied market volatility of the Company, (iii) risk-free interest rates based on US Treasury yield for the expected term, and (iv) an expected dividend yield of zero percent was used since the Company has not yet and does not currently expect to pay dividends.

As the common stock and warrants were issued in a single transaction, the total proceeds from the transaction were allocated among the freestanding instruments. The fair value of the warrants measured at issuance was \$40.0 million, with the remaining proceeds allocated to the common stock, which is included in additional paid-in capital presented in the Consolidated Balance Sheets. The fair value as of September 30, 2024 was \$0.6 million resulting in a gain of \$1.3 million

and \$7.7 million for the three and nine months ended September 30, 2024, respectively. None of the warrants have been exercised as of September 30, 2024.

June 2023 PIPE

On June 22, 2023, the Company received an aggregate of \$8.8 million in connection with the Common Stock and Common Warrant Subscription Agreement. The Company issued warrants to multiple parties to purchase an aggregate of 0.7 million shares of Common Stock, with an exercise price of \$15.41 per share and will be initially exercisable beginning six months following the date of issuance and will expire five years from the initial exercise date.

The warrants are liability classified and subject to periodic remeasurement. The fair value of the warrants was measured using the Black-Scholes option pricing model. The key inputs used in the valuation were as follows:

Expected term (years)		4.2
Expected volatility		117.3 %
Expected dividend rate		— %
Risk free rate		3.6 %
Estimated fair value per warrant	\$	0.39
Exercise price	\$	15.41
Stock price	\$	0.98

Estimates were determined as follows: (i) expected term based on the warrant’s contractual term, (ii) expected volatility based on the blended volatilities of historical and implied market volatility of the Company, (iii) risk-free interest rates based on US Treasury yield for the expected term, and (iv) an expected dividend yield of zero percent was used since the Company has not yet and does not currently expect to pay dividends.

The fair value of the warrants measured at issuance was \$7.0 million, with the remaining proceeds allocated to the common stock, which is included in additional paid-in capital presented in the Consolidated Balance Sheets. As of September 30, 2024, the fair value of the warrants was \$0.3 million resulting in a gain of \$0.6 million and \$2.9 million for the three and nine months ended September 30, 2024, respectively. None of the warrants have been exercised as of September 30, 2024.

I-40 Warrants

In connection with the lease agreement entered into with I-40 Partners discussed in Note 11, the Company issued warrants to I-40 Partners to purchase an aggregate of 0.1 million shares of Common Stock, with an exercise price of \$14.93 per share and expiration date of October 7, 2028.

The warrants are liability classified and subject to periodic remeasurement. The fair value of the warrants was measured using the Black-Scholes option pricing model. The key inputs used in the valuation were as follows:

Expected term (years)		4.0
Expected volatility		117.3 %
Expected dividend rate		— %
Risk free rate		3.6 %
Estimated fair value per warrant	\$	0.37
Exercise Price	\$	14.93
Stock Price	\$	0.98

Estimates were determined as follows: (i) expected term based on the warrant’s contractual term, (ii) based on the blended volatilities of historical and implied market volatility of the Company, (iii) risk-free interest rates based on US Treasury yield for the expected term, and (iv) an expected dividend yield of zero percent was used since the Company has not yet and does not currently expect to pay dividends.

The fair value of the warrants measured at issuance was \$0.9 million with the remaining proceeds allocated to the Common Stock, which is included in additional paid-in capital presented in the Consolidated Balance Sheets. As of

September 30, 2024, the fair value of the warrants was a nominal amount, resulting in a gain of \$0.1 million and \$0.4 million for the three and nine months ended September 30, 2024, respectively. None of the warrants have been exercised as of September 30, 2024.

August 2023 PIPE

On August 4, 2023, the Company received an aggregate of \$3.0 million in connection with the Common Stock and Common Warrant Subscription Agreement. The Company issued warrants to multiple parties to purchase an aggregate of 0.2 million shares of Common Stock, with an exercise price of \$15.41 per share and will be initially exercisable beginning six months following the date of issuance and will expire five years from the initial exercise date.

The warrants are liability classified and subject to periodic remeasurement. The fair value of the warrants was measured using the Black-Scholes option pricing model. The key inputs used in the valuation were as follows:

Expected term (years)		4.3
Expected volatility		117.3 %
Expected dividend rate		— %
Risk free rate		3.6 %
Estimated fair value per warrant	\$	0.41
Exercise price	\$	15.41
Stock price	\$	0.98

Estimates were determined as follows: (i) expected term based on the warrant’s contractual term, (ii) based on the blended volatilities of historical and implied market volatility of the Company, (iii) risk-free interest rates based on US Treasury yield for the expected term, and (iv) an expected dividend yield of zero percent was used since the Company has not yet and does not currently expect to pay dividends.

As the common stock and warrants were issued in a single transaction, the total proceeds from the transaction were allocated among the freestanding instruments. The fair value of the warrants at issuance was \$3.0 million, with the remaining proceeds allocated to the common stock, which is included in additional paid-in capital presented in the Consolidated Balance Sheets. As of September 30, 2024, the fair value of the warrants was \$0.1 million resulting in a gain of \$0.2 million and \$1.0 million for the three and nine months ended September 30, 2024, respectively. None of the warrants have been exercised as of September 30, 2024.

Series B Preferred Stock Warrants

On September 29, 2023, the Company entered into the Series B Preferred Stock Purchase Agreement with the Series B Preferred Stock Purchaser in connection with the issuance, sale and delivery by the Company of an aggregate of 45,000 Series B Preferred Shares of the Series B Preferred Stock, which is convertible into shares of the Company’s Common Stock, and pursuant to which the Company issued the Series B Preferred Warrants to purchase approximately 1.0 million shares of Common Stock, with an exercise price of \$12.91 per share and expiration date of October 12, 2028.

The warrants are liability classified and subject to periodic remeasurement. The fair value of the warrants was measured using the Black-Scholes-Merton option pricing model. The key inputs used in the valuation were as follows:

Expected term (years)		4.0
Expected volatility		117.3 %
Expected dividend rate		— %
Risk free rate		3.6 %
Estimated fair value per warrant	\$	0.40
Exercise price	\$	12.91
Stock price	\$	0.98

Estimates were determined as follows: (i) expected term based on the warrant’s contractual term, (ii) based on the blended volatilities of historical and implied market volatility of the Company, (iii) risk-free interest rates based on US Treasury yield for the expected term, and (iv) an expected dividend yield of zero percent was used since the Company has not yet and does not currently expect to pay dividends.

The total fair value of the warrants measured at issuance was \$5.9 million. As of September 30, 2024, the fair value of the warrants was \$0.4 million resulting in a gain of \$0.8 million and \$4.1 million for the three and nine months ended September 30, 2024, respectively. None of the warrants have been exercised as of September 30, 2024.

Series C Preferred Stock Warrants

Pursuant to the Series C Preferred Stock Purchase Agreement, the Company issued to the Series C Preferred Stock Purchasers the Series C Preferred Warrants to purchase approximately 4.5 million shares of Common Stock, as well as during the Additional Investment Right period, the Company issued additional Series C Preferred Warrants to purchase approximately 2.9 million shares of Common Stock to the Series C Preferred Stock Purchasers. The Series C Preferred Warrants have an exercise price of \$2.24 per share and expiration date of May 3, 2029.

The warrants are liability classified and subject to periodic remeasurement. The fair value of the warrants was measured using the Black-Scholes-Merton option pricing model. The key inputs used in the valuation were as follows:

Expected term (years)		5.5
Expected volatility		117.3 %
Expected dividend rate		— %
Risk free rate		3.6 %
Estimated fair value per warrant	\$	0.70
Exercise price	\$	2.24
Stock price	\$	0.98

Estimates were determined as follows: (i) expected term based on the warrant’s contractual term, (ii) based on the blended volatilities of historical and implied market volatility of the Company, (iii) risk-free interest rates based on US Treasury yield for the expected term, and (iv) an expected dividend yield of zero percent was used since the Company has not yet and does not currently expect to pay dividends.

The total fair value of the warrants measured at issuance was \$17.2 million. As of September 30, 2024, the fair value of the warrants was \$5.2 million resulting in a gain of \$7.7 million and \$12.1 million for the three and nine months ended September 30, 2024. None of the warrants have been exercised as of September 30, 2024.

July Yorkville Warrants

In connection with the July 2024 PPA entered into on July 19, 2024, the Company issued Yorkville a warrant to purchase approximately 2.8 million shares of Common Stock at an exercise price of \$2.70 per share. These warrants are exercisable starting January 19, 2025, and expire on July 19, 2029. The July YA Warrants include standard adjustment provisions for stock splits, combinations, and similar events.

The July YA Warrants are liability classified and are subject to periodic remeasurement. The fair value of the warrants was measured using the Black-Scholes-Merton option pricing model. The key inputs used in the valuation were as follows:

Expected term (years)		4.8
Expected volatility		117.3 %
Expected dividend rate		— %
Risk free rate		3.6 %
Estimated fair value per warrant	\$	0.70
Exercise price	\$	2.70
Stock price	\$	0.98

Estimates were determined as follows: (i) expected term based on the warrant's contractual term, (ii) based on the blended volatilities of historical and implied market volatility of the Company, (iii) risk-free interest rates based on US Treasury yield for the expected term, and (iv) an expected dividend yield of zero percent was used since the Company has not yet and does not currently expect to pay dividends.

The total fair value of the warrants measured at issuance was \$5.2 million. As of September 30, 2024, the fair value of the warrants was \$1.9 million resulting in a gain of \$3.3 million for the three and nine months ended September 30, 2024. As of September 30, 2024, none of the warrants have been exercised.

August Yorkville Warrants

In connection with the First Supplemental Agreement entered into on August 28, 2024, the Company issued Yorkville a warrant to purchase approximately 2.8 million shares of Common Stock at an exercise price of \$1.76 per share. These warrants are exercisable starting February 28, 2025, and expire on August 28, 2029. The August YA Warrants include standard adjustment provisions for stock splits, combinations, and similar events.

The August YA Warrants are liability classified and are subject to periodic remeasurement. The fair value of the warrants was measured using the Black-Scholes-Merton option pricing model. The key inputs used in the valuation were as follows:

Expected term (years)		4.9
Expected volatility		117.3 %
Expected dividend rate		— %
Risk free rate		3.6 %
Estimated fair value per warrant	\$	0.75
Exercise price	\$	1.76
Stock price	\$	0.98

Estimates were determined as follows: (i) expected term based on the warrant's contractual term, (ii) based on the blended volatilities of historical and implied market volatility of the Company, (iii) risk-free interest rates based on US Treasury yield for the expected term, and (iv) an expected dividend yield of zero percent was used since the Company has not yet and does not currently expect to pay dividends.

The total fair value of the warrants measured at issuance was \$3.8 million. As of September 30, 2024, the fair value of the warrants was \$2.1 million resulting in a gain of \$1.7 million for the three and nine months ended September 30, 2024. As of September 30, 2024, none of the warrants have been exercised.

17. Net Income (Loss) per Share

The table below presents a reconciliation of the basic and diluted net loss per share that were computed for the following periods:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net Income (loss) attributable to Canoo	\$ 3,258	\$ (111,974)	\$ (112,389)	\$ (273,576)
Less: dividend on redeemable preferred stock	1,235	—	3,174	—
Net income (loss) available to common shareholders - Basic	2,023	(111,974)	(115,563)	(273,576)
Net loss assuming share settlement of instruments	(30,689)	—	—	—
Net loss available to common shareholders - diluted	<u>\$ (28,666)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Denominator:				
Weighted-average common shares outstanding:				
Basic	79,395	27,012	66,645	22,430
Assumed settlement of instruments into common shares	13,609	—	—	—
Diluted	<u>93,004</u>	<u>27,012</u>	<u>66,645</u>	<u>22,430</u>
Net income (loss) per common share:				
Basic EPS	<u>\$ 0.03</u>	<u>\$ (4.15)</u>	<u>\$ (1.73)</u>	<u>\$ (12.20)</u>
Diluted EPS	<u>\$ (0.31)</u>	<u>\$ (4.15)</u>	<u>\$ (1.73)</u>	<u>\$ (12.20)</u>

For all periods presented, the shares included in computing basic net loss per share exclude restricted shares and shares issued upon the early exercise of share options where the vesting conditions have not been satisfied.

Diluted net income per share adjusts basic net income per share for the impact of potential Common Stock shares. For those periods when the Company reports net losses, all potential Common Stock shares are antidilutive, and accordingly, basic net loss per share equals diluted net loss per share.

The following table presents the outstanding potentially dilutive shares that have been excluded from the computation of diluted net loss per share, because including them would have an anti-dilutive effect (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Convertible debt (Note 10)	14,620	475	22,229	475
Restricted and performance stock units	4,995	1,616	4,995	1,616
Warrants to purchase common stock (Note 16)	18,975	—	40,275	—
Early exercise of unvested stock options	—	3	—	3
Options to purchase common stock	3	5	3	5
Preferred Stock	12,237	—	12,237	—

18. Income Taxes

As the Company has not generated significant taxable income since inception, the cumulative deferred tax assets remain fully offset by a valuation allowance, and no benefit from federal or state income taxes has been included in the Condensed Consolidated Financial Statements.

19. Subsequent Events

July 2024 PPA - Second Supplemental Agreement

On October 11, 2024 (the “October Supplemental Date”), the Company entered into a Supplemental Agreement (the “Second Supplemental Agreement”) with Yorkville to the July 2024 PPA. Pursuant to the Second Supplemental Agreement, Yorkville agreed to advance \$2.7 million to the Company (the “Second Supplemental Advance”).

After giving effect to the commitment fee and the purchase price discount provided for in the July 2024 PPA, net proceeds of the Second Supplemental Advance to the Company were \$2.5 million. The Second Supplemental Advance will be offset upon the issuances of shares of Common Stock at a Purchase Price equal to the lower of (i) \$1.11 per share and (ii) the YA Variable Price; provided that in no event shall the Purchase Price be less than the July PPA Floor Price.

In connection with the Second Supplemental Advance, on the October Supplemental Date, the Company issued to Yorkville a warrant to purchase 1.2 million shares of Common Stock each at an exercise price of \$1.11 per share, exercisable beginning on April 11, 2025 and with an expiration date of October 11, 2029 (the “October YA Warrant”). The October YA Warrant includes customary adjustment provisions for stock splits, combinations and similar events.

Second ATM Consent Agreement

Pursuant to the terms of each of the Current Yorkville PPAs, the Company may enter into an “at the market offering” or other continuous offering or similar offering of Common Stock with a registered broker-dealer, whereby the Company may sell Common Stock at a future determined price; provided, however, that the Company shall not be permitted to execute transactions under such agreement unless (i) an Amortization Event (as defined in the Current Yorkville PPAs) has occurred and is continuing, or (ii) there is no balance outstanding under all prior Prepaid Advances (as defined in the Current Yorkville PPAs).

On the October Supplemental Date, the Company and Yorkville entered into a second Omnibus Consent to Pre-Paid Advance Agreements (the “Second ATM Consent Agreement”) pursuant to which solely with respect to the period beginning on the October Supplemental Date and ending at the close of business on November 22, 2024 (such time period, the “Applicable ATM Time Period”), the Company will be allowed to utilize the Current ATM Offering at its discretion; provided that, other than the proceeds from the remaining Initial ATM Sales, the Company and Yorkville will, subject to the redemption premium set forth in the Current Yorkville PPAs, evenly split 50%/50% any gross proceeds receivable by the Company from sales of Common Stock pursuant to the Current ATM Offering during the Applicable ATM Time Period; provided further that any further sales under the Current ATM Offering subsequent to the Applicable ATM Time Period will require Yorkville’s prior written consent.

Additional Borrowings

On October 18, 2024, the Company issued an Unsecured Grid Promissory Note (the “Note”) to AFV Management Advisors, LLC (“AFVMA”), an entity affiliated with Mr. Aquila, the Company’s CEO, in the initial principal amount of \$0.8 million. The Note provides that the Company may, from time to time request additional advances from AFVMA in such greater amount as shall be mutually agreed, which will be added to the Note. On October 21, 2024, the Company requested, and AFVMA agreed to fund, a second advance in an amount equal to \$0.3 million under the Note, which was received on October 21, 2024.

On October 30, 2024 and November 1, 2024, the Company requested, and AFVMA agreed to fund, additional advances of \$2.0 million and \$0.7 million, respectively, under the Note. As of November 5, 2024, the aggregate principal amount outstanding under the Note was \$3.8 million. Interest shall accrue on the unpaid portion of the principal amount at a fixed rate of 11% per annum, payable monthly.

On November 5, 2024, the Company entered into a Revolving Credit Facility Agreement and related Security Agreement with AFVMA (the “Secured WC Facility”), under which AFVMA may provide working capital advances to the Company of up to \$12.0 million for a period of up to 12 months, which advances are secured by a first priority lien and security interest on the Company’s subsidiary’s equipment located at the Company’s Oklahoma City facility, and by a pledge of certain cash proceeds from the future release of cash collateral securing the Company’s obligations under a letter of credit issued to a third party. On the same day, the Company borrowed an initial amount of \$3.9 million under the Secured WC Facility, and used the proceeds to repay all principal and interest due under the Note, and subsequently borrowed an additional \$3.0 million under the Secured WC Facility through the date of this filing. Any additional advances beyond what has already been borrowed are subject to AFV’s discretion. There can be no assurance that any further advances under the Secured Credit Facility will be available to the Company.

The Secured WC Facility contains customary covenants and conditions, including a restriction on the Company or its subsidiaries pledging their assets to another party, and customary events of default. Advances under the Secured WC Facility bear interest at the One-Month Secured Overnight Financing Rate (SOFR) plus 6.00%, with interest paid monthly, and principal to be repaid within 120 days of being drawn. The Company may prepay amounts due under the Secured Credit Facility Note in whole or in part at any time without premium or penalty.

Workforce Reduction

On October 31, 2024, the Company announced it will temporarily reduce its workforce in Oklahoma City by furloughing 23% of its factory workers for a period of twelve weeks as part of a broader realignment of its North American operations. This reduction is a continuation of the Company's efforts to consolidate its U.S. workforce as it prepares for the next phase of growth.

Waiver to Pre-Paid Advance Agreement

On November 13, 2024, Canoo Inc. executed a Limited Waiver to Pre-Paid Advance Agreements with YA II PN, LTD. (the "Limited Waiver"), waiving all existing events of default as of the date of the agreement, subject to Canoo Inc.'s compliance with all of its obligations under the financing documents executed between the parties. The event of default related to the company's stock price being below the Floor Price for five of the preceding seven trading days July 2024 without monthly repayments of amounts outstanding under the Pre-Paid Advance Agreements. The waiver is subject to Canoo Inc.'s obligation to evenly split 50%/50% any gross proceeds receivable from sales of Common Stock pursuant to the ATM offering during the Applicable ATM Time Period (as defined in the Omnibus Consent to Pre-Paid Advance Agreements, discussed in Note 19). The terms and conditions of the Financing Documents remain unmodified and in full force and effect, except as specifically provided in the Limited Waiver.

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

The following discussion and analysis provides information that our management believes is relevant to an assessment and understanding of our results of operations and financial condition. This discussion and analysis should be read in conjunction with our Condensed Consolidated Interim Financial Statements and the related notes contained elsewhere in this Quarterly Report on Form 10-Q. The statements in this discussion regarding expected and other production timelines, development of our own manufacturing facilities, industry trends, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, 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, 2023 filed with the SEC on April 1, 2024 (the “Annual Report on Form 10-K”), Part II, Item 1A. “Risk Factors” in this Quarterly Report on Form 10-Q and “Cautionary Note Regarding Forward-Looking Statements.” Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Certain figures included in this section have been rounded for ease of presentation. Percentage figures included in this section have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this section may vary slightly from those obtained by performing the same calculations using the figures in our financial statements or in the associated text. Certain other amounts that appear in this section may similarly not sum due to rounding.

Overview

Canoo Inc. (“Canoo” or the “Company”) is a high tech advanced mobility technology company with a proprietary modular electric vehicle platform and connected services initially focused on commercial fleet, government and military customers. The Company has developed a breakthrough EV platform that it believes will enable it to rapidly innovate, iterate and bring new products, addressing multiple use cases, to market faster than our competition and at lower cost. Our vehicle architecture and design philosophy are aimed at driving productivity and returning capital to our customers, and we believe the software and technology capabilities we are developing, packaged around a modular, customizable product, have the potential to empower the customer experience across a vehicle’s lifecycle. We have commercialized our first production vehicles and are delivering them to customers. We remain committed to the environment and to delivering sustainable mobility to our customers to support them in meeting their net zero emissions goals. We are proudly manufacturing our fully electric vehicles in Oklahoma and are committed to building a diverse workforce that will draw heavily upon the local communities of Native Americans and Veterans.

We believe we are one of the first automotive manufacturers focused on monetizing value across the entirety of the vehicle lifecycle, across multiple owners. Our platform and data architecture is purpose-built to be durable and serve as the foundation for the vehicles we intend to offer, unlocking a highly differentiated, multi-layer business model. The foundational layer is our Multi-Purpose Platform (“MPP-1” or “platform”) architecture, which serves as the base of our vehicles. Our first production vehicles are the Lifestyle Delivery Vehicle, including the Lifestyle Delivery Vehicle 130 and Lifestyle Delivery Vehicle 190. Future models will include the Lifestyle Vehicle (“LV”) in its Base, Premium, and Adventure trims; the Multi-Purpose Delivery Vehicle (“MPDV”) and the Pickup. The next layer is cybersecurity which is embedded in our vehicle to ensure the privacy and protection of vehicle data. Our top hats, or cabins, are modular and purpose-built to provide tailored solutions for our customers. This intentional design enables us to efficiently use resources to produce only what is necessary, underscoring our focus on sustainability and returning capital to customers. The remaining layers, connected accessories and digital customer ecosystem, present high-margin opportunities that extend beyond the initial vehicle sale, across multiple owners. In addition, there are opportunities for software sales throughout the vehicle life, including predictive maintenance and service software or advanced driver assistance systems (“ADAS”) upgrades.

Our platform architecture is a self-contained, fully functional rolling chassis that directly houses the most critical components for operation of an EV, including our in-house designed proprietary electric drivetrain, battery systems, advanced vehicle control electronics and software and other critical components, which all have been optimized for functional integration. Both our true steer-by-wire system, believed to be the first such system applied to a production-intent vehicle, and our transverse composite leaf-spring suspension system are core components of our platform’s differentiated functionality, enabling the development of a broad range of vehicle types and use cases due to the chassis’ flat profile and fully variable steering positions. All of our announced EVs, including the Lifestyle Delivery Vehicle 130, the Lifestyle Delivery Vehicle 190, the LV, the MPDV and the Pickup, will share a common platform architecture paired with different top hats to create a range of uniquely customized and use case optimized purpose-built mobility solutions targeting multiple segments of the rapidly expanding EV marketplace.

In addition to our vehicle technology, we are developing an in-house designed and proprietary software platform that aggregates car data from both Canoo and non-Canoo vehicles and delivers valuable insights to our customers. Collected over-the-air for connected vehicles or via an on-board diagnostics (“OBD”) device for non-connected vehicles, we believe car data is critical to powering the customer journey and maximizing utility and value from the vehicle ownership experience. Leveraging our data aggregation platform, we aim to create the Canoo Digital Ecosystem, an application store that centralizes all vehicle information for customers and provides key tools across Security & Safety, Household Vehicle Management, Fleet Management, Lifecycle Management and Vehicle Asset Management. Through our software offering, we believe we can provide substantial value to customers by staying connected throughout the vehicle lifecycle, across multiple owners.

As a Technology Equipment Manufacturer (TEM), Canoo is dedicated to developing vehicles that prioritize high performance, design excellence and seamless integration of purpose-built hardware and proprietary software. The core of Canoo's technology is in its Multi-Purpose Platform (MPP) architecture which has been meticulously engineered for durability and versatility, enabling a wide range of use cases. Our integrated software delivers user-centric features and functions that enable the generation of valuable data-driven insights for both fleet operators and consumers. Ultimately, Canoo strives to provide a connected, safe, and personalized driving experience by harnessing advanced vehicle technology.

Core to our values is delivering high quality products while empowering local communities, which drove our decision to build in America and source a majority of our parts from America and allied nations. We believe vertical integration across our manufacturing and assembly process will enable us to achieve in-house scale production with less supply chain risk and provide us better oversight of our vehicle manufacturing. We are building production facilities in states and communities that are investing in high-tech manufacturing alongside us, creating American jobs and driving innovation.

We have made strategic investments in our technology and products that position us to capture three large and growing markets - commercial and passenger vehicles, upfitting and accessories, and telematics data.

We continue to innovate and develop every aspect of our business, from capturing opportunities beyond the traditional business model to our built in America, highly utilitarian vehicles optimized to return capital to our customers. We believe being forward-thinking across these areas has set the foundation for us to develop into a scalable business that is differentiated from our peers across the automotive original equipment manufacturer (“OEM”) landscape.

Recent Developments

We operate in a capital-intensive industry which requires significant cash to fund our operations. Our business plan anticipates capital expenditures to continue to be significant for the foreseeable future as we continue to develop and grow our business. As of September 30, 2024, we had approximately \$1.5 million in cash and cash equivalents. On November 5, 2024, the Company entered into a Secured WC Facility, under which AFVMA may provide working capital advances to the Company of up to \$12.0 million for a period of up to 12 months, which advances are secured by a first priority lien and security interest on the Company's subsidiary's equipment located at the Company's Oklahoma City facility, and by a pledge of certain cash proceeds from the future release of cash collateral securing the Company's obligations under a letter of credit issued to a third party. As of November 6, 2024 our cash position was \$0.7 million.

While we have secured this financing and are seeking to preserve cash, including through the offering of stock to pay suppliers when available, we will need to raise substantial additional capital to fund our operations through the end of 2024 and beyond. Refer to Part II. Item 1A for additional information and risk factors related to our ability to continue as a going concern.

Refer to Item 1. Note 19 for information regarding other recent events.

Key Factors Affecting Operating Results

We believe that our performance and future success depend on several factors that present significant opportunities for us but also pose risks and challenges, including those discussed below.

Availability of Financing Sources and Commercialization of Our EVs

We expect to derive future revenue from our first vehicle offerings. In order to reach commercialization, we must purchase and integrate related property and equipment, as well as achieve several research and development milestones.

Our capital and operating expenditures have increased significantly in connection with our ongoing activities and we expect they will continue to increase, as we:

- continue to invest in our technology, research and development efforts;
- compensate existing personnel;
- invest in manufacturing capacity, via our owned facilities;
- increase our investment in marketing, advertising, sales and distribution infrastructure for our EVs and services;
- obtain, maintain and improve our operational, financial and management information systems;
- hire additional personnel;
- commercialize our EVs;
- obtain, maintain, expand and protect our intellectual property portfolio; and
- continue to operate as a public company.

As noted above, we require substantial additional capital to develop our EVs and services and fund our operations for the foreseeable future. We will also require capital to identify and commit resources to investigate new areas of demand. Until we can generate sufficient revenue from vehicle sales, we are financing our operations through access to private and public equity offerings and debt financings. Management believes substantial doubt exists about the Company's ability to continue as a going concern for twelve months from the date of issuance of the financial statements included in this Quarterly Report on Form 10-Q.

Macroeconomic Conditions

Current adverse macroeconomic conditions, including but not limited to heightened inflation, slower growth or recession, changes to fiscal and monetary policy, higher interest rates, currency fluctuations and challenges in the supply chain could negatively affect our business.

Increased demand for semiconductor chips in 2020, due in part to increased demand for consumer electronics that use these chips, resulted in a global shortage of chips in 2021 that has continued into 2024. As a result, our ability to source semiconductor chips used in our vehicles may be adversely affected. This shortage may result in increased chip delivery lead times, delays in the production of our vehicles, and increased costs to source available semiconductor chips.

Although we have made our best estimates based upon current information, actual results could materially differ from the estimates and assumptions developed by management. Accordingly, it is reasonably possible that the estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, and if so, we may be subject to future impairment losses related to long-lived assets as well as changes to valuations.

Key Components of Statements of Operations

Basis of Presentation

Currently, we conduct business through one operating segment. We are an early stage-growth company with limited commercial activities to date, which are primarily conducted in the United States. For more information about our basis of presentation, refer to Item 1. Note 2, Basis of Presentation and Summary of Significant Accounting Policies, of the notes to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

Revenue

Our revenue is primarily derived from vehicle revenues resulting from the delivery of our vehicles. Other revenue includes the sale of battery modules and engineering services.

Cost of Revenue

Cost of revenue primarily relates to the costs for vehicle components, parts, labor costs, and depreciation and amortization of tooling and other capitalized costs involved in producing and assembling our EVs.

Research and Development Expenses, excluding Depreciation

Research and development expenses, excluding depreciation consist of salaries, employee benefits and expenses for design and engineering, stock-based compensation, as well as materials and supplies used in research and development activities. In addition, research and development expenses include fees for consulting and engineering services from third party vendors.

Selling, General and Administrative Expenses, excluding Depreciation

The principal components of our selling, general and administrative expenses, excluding depreciation are salaries, wages, benefits and bonuses paid to our employees; stock-based compensation; travel and other business expenses; and professional services fees including legal, audit and tax services.

Depreciation Expense

Depreciation is provided on property and equipment over the estimated useful lives on a straight-line basis. Upon retirement or disposal, the cost of the asset disposed of and the related accumulated depreciation are removed from the accounts and any gain or loss is reflected in the loss from operations. No depreciation expense is allocated to research and development, cost of revenue and selling, general and administrative expenses.

Reorganization and Related Exit Costs

As part of the Employee Reorganization Plan described in Note 5, Reorganization and Related Exit Costs, the Company has incurred or will incur non-recurring move costs, employee relocation benefits, severance and other related exit costs, as well as recognize certain non-cash impairment charges resulting from or associated with the Torrance Facility.

Interest Expense

Interest expense consists primarily of interest expense, debt discount and issuance costs.

Gain on Fair Value Change in Contingent Earnout Shares Liability

The gain on fair value change in the contingent earnout shares liability is due to the change in fair value of the corresponding contingent earnout shares liability.

Gain on Fair Value Change in Warrant Liability and Derivative Liability

The gain on fair value change in the warrant liability and derivative liability is primarily due to the change in fair value of the corresponding warrant and derivative liability described in Note 4, Fair Value Measurements, and Note 16, Warrants, of the notes to our accompanying financial statements.

Gain (Loss) on Fair Value Change in Convertible Debt and Other

The gain (loss) on fair value change in convertible debt and other is primarily due to the change in fair value of the convertible debentures further described in Note 10, Convertible Debt, of the notes to our accompanying financial statements.

Gain (Loss) on Extinguishment of Debt and Other

The gain (loss) on extinguishment of debt and other resulted primarily from the redemption of our convertible debt with Yorkville into Common Stock or repayment, as discussed in Note 10, Convertible Debt, of the notes to our accompanying financial statements..

Other income (expense), net

Other income (expense), net is due to financing expenses related to the RDO SPA Warrants, as discussed in Note 16, Warrants, of the notes to our accompanying financial statements.

Results of Operations

Comparison of the Three and Nine Months Ended September 30, 2024, and 2023

The following table sets forth our historical operating results for the periods indicated:

(in thousands)	Three Months Ended September 30,		\$ Change	% Change	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023			2024	2023		
Revenue	\$ 891	\$ 519	\$ 372	72 %	\$ 1,497	\$ 519	\$ 978	188 %
Cost of revenue	170	903	(733)	(81)%	2,015	903	1,112	123 %
Gross margin	721	(384)	1,105	288 %	(518)	(384)	(134)	(35) %
Operating Expenses								
Research and development expenses, excluding depreciation	17,502	21,965	(4,463)	(20)%	60,676	107,651	(46,975)	(44) %
Selling, general and administrative expenses, excluding depreciation	22,604	24,925	(2,321)	(9)%	77,276	85,195	(7,919)	(9) %
Depreciation	3,752	1,495	2,257	151 %	10,505	10,632	(127)	(1) %
Reorganization and related exit costs	16,055	—	16,055	NM	16,055	—	16,055	NM
Total operating expenses	59,913	48,385	11,528	24 %	164,512	203,478	(38,966)	(19) %
Loss from operations	(59,192)	(48,769)	(10,423)	21 %	(165,030)	(203,862)	38,832	(19) %
Other (Expense) Income								
Interest expense	(2,398)	(4,195)	1,797	(43)%	(9,572)	(6,755)	(2,817)	42 %
Gain on fair value change in contingent earnout shares liability	—	279	(279)	(100)%	41	2,843	(2,802)	(99) %
Gain on fair value change in warrant and derivative liability	61,771	17,126	44,645	261 %	100,607	40,091	60,516	151 %
Loss on fair value change in derivative asset	—	(3,761)	3,761	(100)%	—	(3,761)	3,761	(100) %
Gain (Loss) on fair value change in convertible debt and other	4,890	(69,615)	74,505	(107)%	(62,226)	(69,615)	7,389	(11) %
Gain (Loss) on extinguishment of debt and other	(1,812)	(2,573)	761	(30)%	22,650	(30,261)	52,911	(175) %
Other income (expense), net	(1)	(466)	465	(100)%	1,141	(2,256)	3,397	(151) %
Income (Loss) before income taxes	3,258	(111,974)	115,232	(103)%	(112,389)	(273,576)	161,187	(59) %
Provision for income taxes	—	—	—	NM	—	—	—	NM
Net income (loss) and comprehensive income (loss)	\$ 3,258	\$ (111,974)	\$ 115,232	(103)%	\$ (112,389)	\$ (273,576)	\$ 161,187	(59) %

“NM” means not meaningful.

Revenue and Cost of Revenues

Revenue included vehicle revenues resulting from the delivery of our vehicles to our customers as well as revenues derived from other activities including sales of battery modules and providing engineering services to our customers. We generated total revenue of \$0.9 million and \$1.5 million during the three and nine months ended

September 30, 2024, respectively. We generated total revenue of \$0.5 million during the three and nine months ended September 30, 2023, respectively.

Cost of revenue primarily included costs to produce vehicles, including direct parts, material and labor costs, machinery and tooling depreciation, and shipping and logistics costs. Cost of revenue also included materials, labor and other direct costs related to the development of battery modules and providing of engineering services. For the three months ended September 30, 2024, we generated a positive gross margin of \$0.7 million resulting from the completion of certain engineering services. For the nine months ended September 30, 2024, we realized a negative gross margin of \$0.5 million. For the three and nine months ended September 30, 2023, we realized negative gross margins of \$0.4 million.

The negative gross margins were primarily due to the initial deliveries of low-volume, custom-built vehicles. We expect gross margin to improve on a per-vehicle basis as we increase overall production levels and lower our material and labor costs through economies of scale.

Research and Development Expenses, excluding Depreciation

Research and development expenses, excluding depreciation were \$17.5 million for the three months ended September 30, 2024, compared to \$22.0 million for the three months ended September 30, 2023. The decrease of \$4.5 million, or 20% was primarily due to a decrease in salary and related benefit expense of \$7.5 million, partially offset by an increase in research and development costs of \$3.1 million.

Research and development expenses, excluding depreciation, were \$60.7 million for the nine months ended September 30, 2024, compared to \$107.7 million for the nine months ended September 30, 2023. The decrease of \$47.0 million, or 44% was primarily due to decreases in salary and related benefit expense of \$26.6 million, research and development costs of \$10.8 million, stock-based compensation expense of \$6.4 million, travel and entertainment expense of \$1.1 million, and shipping and postage expense of \$0.9 million.

Salary and related benefit expense decreased by \$7.5 million, or 33%, to \$15.0 million in the three months ended September 30, 2024, compared to \$22.5 million in the three months ended September 30, 2023. Salary and related benefit expense decreased by \$26.6 million, or 35%, to \$48.6 million in the nine months ended September 30, 2024, compared to \$75.2 million in the nine months ended September 30, 2023. The decreases in salary and related expense was primarily due to changes in headcount mix from engineering to manufacturing, turnover of employees and a decrease in temporary employees driven by the Company's focus on essential activities.

Research and development costs increased by \$3.1 million to \$2.7 million in the three months ended September 30, 2024, when compared to the three months ended September 30, 2023. Research and development costs decreased by \$10.8 million, or 61%, to \$6.9 million in the nine months ended September 30, 2024, compared to \$17.7 million in the nine months ended September 30, 2023. The decreases in research and development cost was primarily due to reduced spending related to engineering and design, gamma parts, and prototype tooling resulting from the transition to initiatives related to commencing low-volume production.

Stock-based compensation expense decreased by \$6.4 million, or 128%, in the nine months ended September 30, 2024, when compared to \$5.0 million in the nine months ended September 30, 2023. The decrease in stock-based compensation expense was primarily due to forfeiture of restricted stock resulting from headcount reductions. See further discussion in Note 15, Stock-based Compensation, of the notes to our accompanying financial statements.

Shipping and postage expense decreased by \$0.9 million, or 37%, to \$1.6 million in the nine months ended September 30, 2024, compared to \$2.5 million in the nine months ended September 30, 2023. The decrease in shipping and postage expense was primarily due to decreased shipping activity and related costs as well as general office expenses.

Selling, General and Administrative Expenses, excluding Depreciation

Selling, general and administrative expenses were \$22.6 million for the three months ended September 30, 2024, compared to \$24.9 million for the three months ended September 30, 2023. The decrease of \$2.3 million or 9% was primarily due to decreases in stock-based compensation expense of \$3.3 million, salary and benefits expense of \$1.5 million, partially offset by an increase in professional fees of \$2.7 million.

Selling, general and administrative expenses were \$77.3 million for the nine months ended September 30, 2024, compared to \$85.2 million for the nine months ended September 30, 2023. The decrease of \$7.9 million or 9% was primarily due to the decrease in salary and benefits expense of \$5.8 million and information technology expense of \$2.9 million, partially offset by an increase in professional fees of \$2.3 million.

Stock-based compensation expense decreased by \$3.3 million, or 52%, in the three months ended September 30, 2024, compared to \$6.3 million in the three months ended September 30, 2023. The decrease in stock-based compensation was primarily due to forfeiture of restricted stock resulting from headcount reductions, and graded vesting of stock-based compensation expense. See further discussion in Note 15, Stock-based Compensation, of the notes to our accompanying financial statements.

Salary and related benefit expense decreased by \$1.5 million, or 23%, to \$5.0 million in the three months ended September 30, 2024, compared to \$6.5 million in the three months ended September 30, 2023. Salary and related benefit expense decreased by \$5.8 million, or 25%, to \$17.0 million in the nine months ended September 30, 2024, compared to \$22.8 million in the nine months ended September 30, 2023. The decreases in salary and related expense were primarily due to changes in headcount driven by reductions in non-essential functions.

Professional fees expense increased by \$2.7 million, or 100%, to \$5.4 million in the three months ended September 30, 2024, compared to \$2.7 million in the three months ended September 30, 2023, due primarily to higher legal, consulting and recruiting fees. Professional fees expense increased by \$2.3 million, or 16%, to \$16.5 million in the nine months ended September 30, 2024, compared to \$14.2 million in the nine months ended September 30, 2023, primarily due to higher consulting and recruiting fees, partially offset by lower legal fees.

Information technology expense decreased by \$2.9 million, or 22%, to \$10.1 million in the nine months ended September 30, 2024, compared to \$13.0 million in the nine months ended September 30, 2023. The decrease in information technology expense was primarily due to initiatives to provide cost effective solutions aligned with current needs.

Depreciation Expense

Depreciation expense increased by \$2.3 million, or 151%, to \$3.8 million in the three months ended September 30, 2024, compared to \$1.5 million in the three months ended September 30, 2023. Depreciation expense of \$10.5 million in the nine months ended September 30, 2024 was comparable to \$10.6 million in the nine months ended September 30, 2023.

Interest Expense

Interest expense decreased by \$1.8 million, or 43%, to \$2.4 million in the three months ended September 30, 2024, compared to \$4.2 million in the three months ended September 30, 2023. Interest expense increased by \$2.8 million, or 42%, to \$9.6 million in the nine months ended September 30, 2024, compared to \$7 million in the nine months ended September 30, 2023. The differences were primarily due to changes in the levels of convertible debt described in Note 10, Convertible Debt, of the notes to our accompanying financial statements.

Gain on Fair Value Change in Contingent Earnout Shares Liability

Gain on fair value change in contingent earnout shares liability was nominal for the three months ended September 30, 2024, compared to \$0.3 million for the three months ended September 30, 2023, and nominal for the nine months ended September 30, 2024, compared to \$2.8 million for the nine months ended September 30, 2023. The decreases were a result of the periodic remeasurement of the fair value of our contingent earnout shares liability, primarily driven by the declining stock price.

Gain on Fair Value Change in Warrant and Derivative Liability

Gain on fair value change in warrant and derivative liability increased by \$44.6 million, or 261%, to \$61.8 million in the three months ended September 30, 2024, compared to \$17.1 million in the three months ended September 30, 2023. Gain on fair value change in warrant and derivative liability increased by \$60.5 million, or 151%, to \$100.6 million in the nine months ended September 30, 2024, compared to \$40.1 million in the nine months ended September 30, 2023. The changes were primarily due to the fair value change of the corresponding warrant liability related to warrants discussed in Note 16, Warrants, of the notes to our accompanying financial statements. The number of outstanding warrants increased as a result of the March WC&E Agreement and Series C Preferred Stock Purchase Agreement. The Company recognized a gain related to derivative liabilities in the three months ended and nine months ended September 30, 2024, due to changes in fair value of the derivatives identified within Series B Preferred Stock Purchase Agreement and Series C Preferred Stock Purchase Agreement.

Loss on Fair Value of Derivative Asset

The loss on fair value of derivative asset of \$3.8 million in the three and nine months ended September 30, 2023 was primarily due to the fair value change of the derivative assets related to Prepaid Advance Agreement, which was subsequently revalued to zero as the result of the change to the minimum price approved at the October Special Meeting, as discussed in Note 10, Convertible Debt, of the notes to our accompanying financial statements.

Gain (Loss) on Extinguishment of Debt and Other

Loss on extinguishment of debt was \$1.8 million for the three months ended September 30, 2024, compared to a loss of \$2.6 million for the three months ended September 30, 2023, and a gain of \$22.7 million for the nine months ended September 30, 2024, compared to a loss of \$30.3 million for the nine months ended September 30, 2023. The changes were due to repayments and extinguishments of the Yorkville PPAs and Convertible Debentures discussed in Note 10, Convertible Debt, of the notes to our accompanying financial statements.

Gain (Loss) on Fair Value Change in Convertible Debt and Other

Gain on fair value change of convertible debt was \$4.9 million for the three months ended September 30, 2024, as compared to a loss of \$69.6 million for the three months ended September 30, 2023, and a loss of \$62.2 million for the nine months ended September 30, 2024, compared to a loss of \$69.6 million for the nine months ended September 30, 2023. The changes were primarily due to the Company electing the fair value option for debt instruments issued during the nine months ended September 30, 2024, discussed in Note 10, Convertible Debt, of the notes to our accompanying financial statements.

Other Income (Expense), Net

Other expense, net was nominal for the three months ended September 30, 2024, compared to \$0.5 million of other income, net for the three months ended September 30, 2023, and \$1.1 million of other income, net for the nine months ended September 30, 2024, compared to \$2.3 million of other expense, net for the nine months ended September 30, 2023. Factors affecting Other income (expense), net were related to miscellaneous incentive and other income, all individually immaterial.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe the following non-GAAP measures are useful in evaluating our operational performance. We use the following non-GAAP measures to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors in assessing our operating performance.

EBITDA, Adjusted EBITDA, Adjusted Net Loss and Adjusted Earnings Per Share ("EPS")

"EBITDA" is defined as net loss before interest expense, income tax expense or benefit, and depreciation and amortization. "Adjusted EBITDA" is defined as EBITDA adjusted for stock-based compensation, restructuring charges, asset impairments, non-routine legal fees, and other costs associated with exit and disposal activities, acquisition and related costs, changes to the fair value of contingent earnout shares liability, changes to the fair value of warrant and derivative liability, changes to the fair value of the derivative asset, changes to the fair value of convertible debt, loss on extinguishment of debt, and any other one-time non-recurring transaction amounts impacting the statement of operations during the year. "Adjusted Net Loss" is defined as net loss adjusted for stock-based compensation, restructuring charges, asset impairments, non-routine legal fees, and other costs associated with exit and disposal activities, acquisition and related costs, changes to the fair value of contingent earnout shares liability, changes to the fair value of warrants and derivative liability, changes to the fair value of the derivative asset, changes to the fair value of convertible debt, loss on extinguishment of debt, and any other one-time non-recurring transaction amounts impacting the statement of operations during the year. "Adjusted EPS" is defined as Adjusted Net Loss on a per share basis using the weighted average shares outstanding.

EBITDA, Adjusted EBITDA, Adjusted Net Loss, and Adjusted EPS are intended as a supplemental measure of our performance that is neither required by, nor presented in accordance with, GAAP. We believe EBITDA, Adjusted EBITDA, Adjusted Net Loss, and Adjusted EPS when combined with net loss and net loss per share are beneficial to an investor's complete understanding of our operating performance. We believe that the use of EBITDA, Adjusted EBITDA, Adjusted Net Loss, and Adjusted EPS provides an additional tool for investors to use in evaluating ongoing operating

results and trends and in comparing our financial measures with those of comparable companies, which may present similar non-GAAP financial measures to investors. However, you should be aware that when evaluating EBITDA, Adjusted EBITDA, Adjusted Net Loss, and Adjusted EPS we may incur future expenses similar to those excluded when calculating these measures. In addition, our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our computation of EBITDA, Adjusted EBITDA, Adjusted Net Loss, and Adjusted EPS may not be comparable to other similarly titled measures computed by other companies, because all companies may not calculate EBITDA, Adjusted EBITDA, Adjusted Net Loss, and Adjusted EPS in the same fashion.

Because of these limitations, EBITDA, Adjusted EBITDA Adjusted Net Loss, and Adjusted EPS should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We manage our business utilizing EBITDA, Adjusted EBITDA, Adjusted Net Loss, and Adjusted EPS as supplemental performance measures.

These non-GAAP financial measures, when presented, are reconciled to the most closely comparable U.S. GAAP measure as disclosed below for the three and nine months ended September 30, 2024 and 2023, respectively (in thousands):

	Three Months Ended September 30,					
	2024			2023		
	EBITDA	Adjusted EBITDA	Adjusted Net Loss	EBITDA	Adjusted EBITDA	Adjusted Net Loss
Net income (loss)	\$ 3,258	\$ 3,258	\$ 3,258	\$ (111,974)	\$ (111,974)	\$ (111,974)
Interest expense (a)	1,138	1,138	—	4,195	4,195	—
Provision for income taxes	—	—	—	—	—	—
Depreciation	3,752	3,752	—	1,495	1,495	—
Reorganization and related exit costs	—	16,055	16,055	—	—	—
Gain on fair value change in contingent earnout shares liability	—	—	—	—	(279)	(279)
Gain on fair value change in warrant and derivative liability	—	(61,771)	(61,771)	—	(17,126)	(17,126)
Loss on fair value change in derivative asset	—	—	—	—	3,761	3,761
Gain (Loss) on fair value change in convertible debt and other	—	(4,890)	(4,890)	—	69,615	69,615
Gain (Loss) on extinguishment of debt and other	—	1,812	1,812	—	2,573	2,573
Other income (expense), net	—	1	1	—	466	466
Financing charges incurred upon issuance of PPAs	—	1,260	1,260	—	—	—
Stock-based compensation	—	1,647	1,647	—	6,908	6,908
Adjusted Non-GAAP amount	<u>\$ 8,148</u>	<u>\$ (37,737)</u>	<u>\$ (42,627)</u>	<u>\$ (106,284)</u>	<u>\$ (40,366)</u>	<u>\$ (46,056)</u>

(a) Excluding \$1,260 in non-recurring financing charges incurred upon issuance of PPAs shown separately above, as applicable, during 2024.

US GAAP net income (loss) per share						
Basic	N/A	N/A	\$ 0.03	N/A	N/A	\$ (4.15)
Diluted	N/A	N/A	\$ (0.31)	N/A	N/A	\$ (4.15)
Adjusted Non-GAAP net income (loss) per share (Adjusted EPS):						
Basic	N/A	N/A	\$ (0.54)	N/A	N/A	\$ (1.71)
Diluted	N/A	N/A	\$ (0.46)	N/A	N/A	\$ (1.71)
Weighted-average common shares outstanding:						
Basic	N/A	N/A	79,395	N/A	N/A	27,012
Diluted	N/A	N/A	93,004	N/A	N/A	27,012

	Nine Months Ended September 30,					
	2024			2023		
	EBITDA	Adjusted EBITDA	Adjusted Net Loss	EBITDA	Adjusted EBITDA	Adjusted Net Loss
Net income (loss)	(112,389)	(112,389)	(112,389)	\$ (273,576)	\$ (273,576)	\$ (273,576)
Interest expense (a)	7,402	7,402	—	6,755	6,755	—
Provision for income taxes	—	—	—	—	—	—
Depreciation (b)	10,506	10,506	—	10,632	10,632	—
Reorganization and related exit costs	—	16,055	16,055	—	—	—
Gain on fair value change in contingent earnout shares liability	—	(41)	(41)	—	(2,843)	(2,843)
Gain on fair value change in warrant and derivative liability	—	(100,607)	(100,607)	—	(40,091)	(40,091)
Loss on fair value change in derivative asset	—	—	—	—	3,761	3,761
Gain (Loss) on fair value change in convertible debt and other	—	62,226	62,226	—	69,615	69,615
Gain (Loss) on extinguishment of debt and other	—	(22,650)	(22,650)	—	30,261	30,261
Other income (expense), net	—	(1,141)	(1,141)	—	2,256	2,256
Financing charges incurred upon issuance of PPAs	—	2,170	2,170	—	—	—
Stock-based compensation	—	13,730	13,730	—	23,451	23,451
Adjusted Non-GAAP amount	\$ (94,481)	\$ (124,740)	\$ (142,648)	\$ (256,189)	\$ (169,779)	\$ (187,166)

(a) Excluding \$2,170 in non-recurring financing charges incurred upon issuance of PPAs shown separately above, as applicable, during 2024.

(b) Includes \$92 recorded in cost of revenue during 2024

US GAAP net loss per share						
Basic	N/A	N/A	\$ (1.73)	N/A	N/A	\$ (12.20)
Diluted	N/A	N/A	\$ (1.73)	N/A	N/A	\$ (12.20)
Adjusted Non-GAAP net loss per share (Adjusted EPS):						
Basic	N/A	N/A	\$ (2.14)	N/A	N/A	\$ (8.34)
Diluted	N/A	N/A	\$ (2.14)	N/A	N/A	\$ (8.34)
Weighted-average common shares outstanding:						
Basic	N/A	N/A	66,645	N/A	N/A	22,430
Diluted	N/A	N/A	66,645	N/A	N/A	22,430

Liquidity and Capital Resources

As of September 30, 2024, we had unrestricted cash and cash equivalents in the amount of \$1.5 million, which were primarily invested in money market funds that consist of liquid debt securities issued by the U.S. government. In assessing our liquidity requirements and cash needs, we also consider contractual obligations to which we are a party. Additionally, see discussion related to the operating lease maturity schedule and any new leases entered into in Note 11 of the notes to our accompanying financial statements.

We have incurred and expect to incur, net losses which have resulted in an accumulated deficit of \$1.6 billion as of September 30, 2024. Management continues to explore raising additional capital through a combination of debt financing, other non-dilutive financing and/or equity financing to supplement the Company's capitalization and liquidity. If and as we raise additional funds by incurring loans or by issuing debt securities or preferred stock, these forms of financing have rights, preferences, and privileges senior to those of holders of our Common Stock. The availability and the terms under which we are able to raise additional capital could be disadvantageous, and the terms of debt financing or other non-dilutive financing involve restrictive covenants and dilutive financing instruments, which could place significant restrictions on our operations. Macroeconomic conditions and credit markets are also impacting the availability and cost of potential future debt financing. As we raise capital through the issuance of additional equity, such sales and issuance has and will continue to dilute the ownership interests of the existing holders of Common Stock. There can be no assurances that any additional debt, other non-dilutive and/or equity financing would be available to us on favorable terms or at all. We expect to continue to incur net losses, comprehensive losses, and negative cash flows from operating activities in accordance with our operating plan as we continue to expand our research and development activities to complete the development of our EVs, establish our go-to-market model and scale our operations to meet anticipated demand. We

expect that both our capital and operating expenditures will increase significantly in connection with our ongoing activities, as we:

- continue to invest in our technology, research and development efforts;
- compensate existing personnel;
- invest in manufacturing capacity, via our owned facilities;
- increase our investment in marketing, advertising, sales and distribution infrastructure for our EVs and services;
- obtain, maintain and improve our operational, financial and management information systems;
- hire additional personnel;
- commercialize our EVs;
- obtain, maintain, expand and protect our intellectual property portfolio; and
- operate as a public company.

As of the date of this report, we believe that our existing cash resources and additional sources of liquidity are not sufficient to support planned operations for the next 12 months. Our financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The accompanying Condensed Consolidated Financial Statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty related to the Company's ability to continue as a going concern.

Cash Flows Summary

Presented below is a summary of our operating, investing and financing cash flows (in thousands):

Consolidated Cash Flow Statements Data	Nine Months Ended September 30,	
	2024	2023
Net cash used in operating activities	(109,938)	\$ (191,435)
Net cash used in investing activities	(9,730)	(45,376)
Net cash provided by financing activities	114,838	208,902

Cash Flows from Operating Activities

Our cash flows from operating activities are significantly affected by the growth of our business primarily related to our investment in research and development as well as selling, general, and administrative activities. Our operating cash flow is also affected by our working capital needs to support growth in personnel-related expenditures and fluctuations in accounts payable and other current assets and liabilities.

Over 80% of our cash outflow from operating activities include payments related to employee salaries and benefits, professional fees, occupancy costs, information technology and research and development.

Cash Flows from Investing Activities

We generally expect to experience negative cash flows from investing activities as we expand our business and continue to build our infrastructure. Cash flows from investing activities primarily relate to capital expenditures to support our growth.

Net cash used in investing activities for the nine months ended September 30, 2024 related to purchases of production tooling, machinery, and equipment to support manufacturing activities.

Cash Flows from Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2024 primarily consisted of proceeds from issuance of convertible debt of \$136.0 million and issuance of Series C Preferred Stock of \$16.5 million, offset by repayment of convertible debt of \$48.2 million.

Critical Accounting Estimates

Our Condensed Consolidated Financial Statements have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are 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. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

There have been no material changes to our critical accounting estimates described in our Annual Report on Form 10-K for the year ended December 31, 2023. For a discussion of our critical accounting estimates, see the section titled "Critical Accounting Policies and Estimates" included in "Management's Discussion and Analysis of Financial Condition and Results of Operations, each included in our Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have not, to date, been exposed to material market risks given our early stage of operations. Upon commencing commercial operations, we may be exposed to material market risks. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our current market risk exposure is primarily the result of fluctuations in interest rates.

Interest Rate Risk

We are exposed to market risk for changes in interest rates applicable to our cash and cash equivalents. We had cash and cash equivalents totaling \$1.5 million as of September 30, 2024. Our cash and cash equivalents were invested primarily in money market funds and are not invested for trading or speculative purposes. However, due to the short-term nature and the low-risk profile of the money market funds, we do not believe a sudden increase or decrease in market interest rates would have a material effect on the fair market value of our portfolio.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. Inflationary factors such as increases in material costs (e.g., semiconductor chips) or overhead costs may adversely affect our business, financial condition, and operating costs upon commencing commercial operations.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Executive Chair and CEO and Chief Financial Officer ("CFO"), has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2024. We have established and currently maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, designed to provide reasonable assurance that information required to be disclosed in our reports filed under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In

designing and evaluating disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on an evaluation of our disclosure controls and procedures, our CEO and CFO concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of September 30, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three and nine months ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

On September 13, 2024, the Company was named as a defendant in a complaint filed in Michigan Circuit Court by Dana Limited, one of the Company's suppliers. The complaint alleges that the Company breached a development and supply agreement between the parties, including for alleged nonpayment of several cost recovery items in excess of \$8.5 million. The Company disagrees with the allegations and claims made in the complaint and filed a counterclaim against Dana Limited on October 4, 2024 alleging, among other things, breach of contract, breaches of the duty of good faith and fair dealing, negligent misrepresentation, fraudulent inducement and tortious interference. The Company intends to vigorously defend the lawsuit.

For a description of any other material pending legal proceedings, please see Note 12, Commitments and Contingencies, of the notes to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

Except as set forth below, there have been no material changes to our risk factors as previously disclosed in our Annual Report on Form 10-K. Any of the risk factors included in the Annual Report on Form 10-K could result in a significant or material adverse effect on our results of operations, financial condition or cash flows. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

Any changes as a result of our Employee Reorganization Plan could adversely affect and disrupt our business and results of operations.

On August 14, 2024, the Company implemented an employee reorganization plan (the "Employee Reorganization Plan"), which Employee Reorganization Plan includes permanently reducing the number of employees at our facility in Torrance, California (the "Torrance Facility"), and have issued a Worker Adjustment and Retraining Notification Act notice under both California state and federal law to all employees at the Torrance Facility. Although we have offered to relocate a majority of employees currently located at the Torrance Facility to the Company's facilities in either Oklahoma or Texas, any personnel transition that may result could be difficult and inherently cause some loss of institutional knowledge and skills. In addition, we cannot guarantee that we will be able to retain the services of most or any of the personnel being offered relocation, which may disrupt our ability to execute our business strategies that may be adversely affected by the uncertainty associated with these personnel transitions. Further, as noted in Item 1. Note 5, we have recorded a reorganization and related exit costs activity charge of \$16.1 million, we may also incur additional costs not currently contemplated due to events that may occur as a result of, or that are associated with, our Employee Reorganization Plan. As a result, our business, prospects, financial condition and results of operations could be negatively affected.

Our reorganizational plans and workforce reductions may not adequately reduce our operating costs or improve operating margins, may lead to additional workforce attrition, and may cause operational disruptions, and there can be no assurance that we will realize the anticipated benefits of such activities.

In addition to the Employee Reorganization Plan, on October 31, 2024, we announced a temporary reduction in our workforce in Oklahoma City by furloughing 23% of our factory workers for a period of twelve weeks as part of a broader realignment of its North American operations. These programs may yield unintended consequences, such as the loss of institutional knowledge and expertise, employee attrition beyond our intended reduction in force, a reduction in morale among our remaining employees, greater than anticipated costs incurred in connection with implementation, and the risks that we may not achieve our anticipated benefits to the extent or as quickly as we anticipates, if at all, all of which may materially adversely affect our results of operations or financial condition. Additionally, the workforce reduction we are implementing, though currently planned to be temporary, may negatively impact our ability to attract, integrate, retain and motivate highly qualified employees, make it difficult for us to pursue new opportunities and initiatives, and may harm our reputation with current or prospective employees.

Several of our key vendors, including some single-source suppliers, have sent us notices of nonpayment of amounts owed by us. Disputes with our suppliers or the termination of any of these supply relationships would hinder our ability to manufacture our products, and disputes could lead to material litigation or other actions.

We rely on third-party suppliers for the provision and development of many of the key components and materials used in our EVs, including several components with a single source supplier. If we fail to pay or settle amounts owed to our vendors in due course, our suppliers may terminate their relationships with us or seek legal recourse to recover on amounts believed to be owed. As noted in Item 1 above, in September 2024, Dana Limited filed a lawsuit against us alleging breaches of our supply agreements with them, including for nonpayment of amounts due, and seeking damages in excess of \$8.5 million. While we disagree with the allegations and claims in the complaint and have filed a counterclaim against Dana Limited, there can be no assurances as to the outcome of this litigation or any resulting judgments, the amounts of which could be material.

Additionally, we have also received demand letters or similar communications from other suppliers alleging nonpayment of amounts due. While we receive these communications in the ordinary course of business and all such amounts are reflected within our Accounts Payable and Accrued Expenses in our balance sheet, if one or more suppliers were to seek legal action to recover on amounts they believe are past due, we could become involved in additional lawsuits or disputes or be subject to judgments if adjudicated adversely to us, which may be material. Additionally, these disagreements could negatively impact our relationships with such suppliers, some of which are key or single-source suppliers. While we continue to work with our suppliers and vendors to reach agreements or settlements of such amounts, including through the issuance of common stock, any disruption or termination of our supply agreements or legal actions could negatively impact our ability to manufacture our vehicles and our results of operations. Any of the foregoing could significantly impact the Company's ability to sustain its operations and continue as a going concern, which could result in the loss of all of your investment in our stock.

We may offer shares of our common stock in lieu of cash payments to vendors in an effort to preserve cash for our operations. Doing so may result in us issuing a significant amount of shares which could result in dilution to your investment.

In an effort to preserve cash, we have had and will continue to have discussions with vendors and suppliers to offer them shares of our common stock in lieu of cash for services rendered. Depending on market conditions, we may attempt to reach these agreements with as many vendors as is commercially feasible and on reasonable terms. The resulting issuances, if any, over the near term may reflect a significant percentage of our current outstanding stock, up to 19.9%, and investors are likely to experience dilution as a result.

We need to raise additional capital in the near term, and we currently do not have sufficient cash on hand to meet our near term obligations or capital requirements, which could jeopardize our ability to continue business operations or render us insolvent.

We operate in a capital-intensive industry which requires significant cash to fund our operations. Our business plan anticipates capital expenditures to continue to be significant for the foreseeable future as we continue to develop and grow our business. As of September 30, 2024, we had approximately \$1.5 million in cash and cash equivalents. As of November 6, 2024 our cash position was \$0.7 million.

While we have entered into the Secured WC Facility to provide additional liquidity and are working to reach agreements with our key suppliers, we will need to raise substantial additional capital to fund operations through the end of 2024 to continue operations. If we are unsuccessful in obtaining additional funds on commercially reasonable terms or at all, or are unsuccessful in reaching agreements with existing vendors on disputed amounts, we likely be unable to satisfy our obligations and may become subject to further litigation or insolvency proceedings. Any of the foregoing would likely have a material adverse effect on the Company's liquidity, financial condition and results of operations, and may render the Company insolvent and unable to sustain its operations and continue as a going concern, which could result in the loss of all of your investment in our stock.

Our failure to meet the continued listing requirements of The Nasdaq Capital Market could result in a delisting of our securities.

On March 8, 2024, we effected a reverse stock split in order to increase the trading price of our Common Stock and comply with the \$1.00 minimum bid price requirement set forth in Nasdaq Listing Rule 5450(a)(1) (the "Bid Price Requirement"). Our stock price has recently fallen under \$1.00 and, although we have not received a notice of noncompliance from Nasdaq, we are seeking stockholder approval for an additional reverse stock split. If our stockholders do not approve our reverse stock split, or we again fail to satisfy this or any other continued listing requirement, Nasdaq

may take steps to delist our securities. Furthermore, under recently proposed Nasdaq rules, which are under SEC review, if the price of our Common Stock fails to satisfy the Bid Price Requirement within one year of the Company's previous reverse stock split effected on March 8, 2024 (or within one year of any other reverse stock split effected before the proposed rules come in effect), then our Common Stock would be subject to delisting by Nasdaq without any opportunity for a cure period. In the event the Company fails to regain compliance, the Company would have the right to a hearing before the Nasdaq Listing Qualifications Panel (the "Panel"). There can be no assurance that, if the Company receives a delisting notice and appeals the delisting determination by the Panel, such appeal would be successful. Such a delisting would likely have a negative effect on the price of our Common Stock and would impair your ability to sell or purchase our Common Stock when you wish to do so. In the event of a delisting, we would take actions to restore our compliance with Nasdaq's listing requirements, but we can provide no assurance that any such action taken by us would allow our Common Stock to become listed again, stabilize the market price or improve the liquidity of our securities or prevent future non compliance with Nasdaq's listing requirements.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

During the three months ended September 30, 2024, the Company issued 73,649 shares of Common Stock in the aggregate to certain consultants pursuant to their respective contractual arrangements with the Company. Each issuance of shares was exempt from registration pursuant to Section 4(a)(2) of the Securities Act. Furthermore, each consultant represented to the Company that it is an "accredited investor" as defined in Rule 501 of the Securities Act.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1

On November 13, 2024, Canoo Inc. executed a Limited Waiver to Pre-Paid Advance Agreements with YA II PN, LTD. (the "Limited Waiver"), waiving all existing events of default as of the date of the agreement, subject to Canoo Inc.'s compliance with all of its obligations under the financing documents executed between the parties. The event of default related to the company's stock price being below the Floor Price for five of the preceding seven trading days July 2024 without monthly repayments of amounts outstanding under the Pre-Paid Advance Agreements. The waiver is subject to Canoo Inc.'s obligation to evenly split 50%/50% any gross proceeds receivable from sales of Common Stock pursuant to the ATM offering during the Applicable ATM Time Period (as defined in the Omnibus Consent to Pre-Paid Advance Agreements, discussed in Note 19). The terms and conditions of the Financing Documents remain unmodified and in full force and effect, except as specifically provided in the Limited Waiver.

During the quarter ended September 30, 2024, no director or officer adopted, modified, or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit No.	Description
3.1	Second Amended and Restated Certificate of Incorporation of the Company, dated December 21, 2020 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on December 22, 2020).
3.2	Amended and Restated Bylaws of the Company, dated December 21, 2020 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on December 22, 2020).
3.3	Certificate of Amendment, dated January 25, 2023, to the Second Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on January 25, 2023).
3.4	Certificate of Amendment, dated October 6, 2023, to the Second Amended and Restated Certificate of Incorporation of Canoo Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on October 6, 2023)
3.5	Certificate of Designation of the Company for the 7.5% Series B Cumulative Perpetual Redeemable Preferred Stock, dated October 12, 2023 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on October 12, 2023)
3.6	Certificate of Amendment, dated March 7, 2024, to the Second Amended and Restated Certificate of Incorporation of Canoo Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on March 8, 2024)
3.7	Certificate of Designation of the Company for the Series C Cumulative Perpetual Redeemable Preferred Stock, dated May 3, 2024 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on May 6, 2024)
4.1	Form of Warrant (incorporated by reference to Exhibit A to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 11, 2024)
4.2	Form of Warrant (incorporated by reference to Exhibit B of Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 22, 2024)
4.3	Warrant Agreement, dated October 11, 2024 (incorporated by reference to Exhibit B of Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on October 15, 2024)
10.1	Prepaid Advance Agreement, dated July 19, 2024, by and between the Company and YA II PN, Ltd. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 22, 2024)
10.2	Executive Chairman Agreement, dated August 12, 2024, by and between the Company and Anthony Aquila (incorporated by reference form Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on August 14, 2024)
10.3	Equity Distribution Agreement, dated September 13, 2024, by and between Canoo Inc. and Northland Securities, Inc. (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 13, 2024).
10.4	Omnibus Consent to Pre-Paid Advance Agreements, dated September 13, 2024, by and between Canoo Inc. and YA II PN, Ltd. (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 13, 2024)
10.5	Supplemental Agreement, dated October 11, 2024, by and between Canoo Inc. and YA II PN, Ltd. (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 15, 2024)
10.6	Omnibus Consent to Pre-Paid Advance Agreements, dated October 11, 2024, by and between Canoo Inc. and YA II PN, Ltd. ((incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 15, 2024)
10.7*	Limited Waiver To Pre-Paid Advance Agreements, dated as of November 13, 2024, by and between the Company and YA II PN, Ltd.
10.8	Unsecured Grid Promissory Note, issued to AFV Management Advisors, LLC, dated October 18, 2024 (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 24, 2024)
10.9*	Revolving Credit Agreement, dated as of November 5, 2024, by and between the Company and AFV Management Advisors, LLC

31.1*	Certification of the Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
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)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† Certain confidential portions of this exhibit have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K. The omitted information is (i) not material and (ii) would likely cause the Company competitive harm if publicly disclosed. The Company agrees to furnish an unredacted copy to the SEC upon request.

* Filed herewith.

** The certifications attached as Exhibit 32.1 and Exhibit 32.2 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the SEC and are not to be incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

LIMITED WAIVER TO PRE-PAID ADVANCE AGREEMENTS

This Limited Waiver to Pre-Paid Advance Agreements (this "Agreement") is entered into as of November 13, 2024, by and between Canoo Inc., a Delaware corporation (the "Company"), and YA II PN, LTD., a Cayman Islands exempt limited company (the "Investor"), with reference to (1) that certain Pre-Paid Advance Agreement, dated July 20, 2022, by and between the Company and the Investor (as amended, supplemented or other modified from time to time in accordance with its terms, the "2022 PPA"); (2) that certain Supplemental Agreement, dated March 12, 2024, by and between the Company and the Investor (as amended, supplemented or other modified from time to time in accordance with its terms, the "March 2024 Supplemental Agreement"); (3) that certain Prepaid Advance Agreement, dated July 19, 2024, by and between the Company and the Investor (as amended, supplemented or other modified from time to time in accordance with its terms, the "July 2024 PPA"); (4) that certain Supplemental Agreement, dated August 28, 2024, by and between the Company and the Investor (as amended, supplemented or other modified from time to time in accordance with its terms, the "August 2024 Supplemental Agreement"); (5) that certain Omnibus Consent to Pre-Paid Advance Agreements, dated September 13, 2024, by and between the Company and the Investor (as amended, supplemented or other modified from time to time in accordance with its terms, the "September 2024 Consent"); and (6) that certain Omnibus Consent to Pre-Paid Advance Agreements, dated October 11, 2024, by and between the Company and the Investor (as amended, supplemented or other modified from time to time in accordance with its terms, the "October 2024 Consent"). Collectively, the 2022 PPA, the March 2024 Supplemental Agreement, the July 2024 PPA, the August 2024 Supplemental Agreement, the September 2024 Consent, the October 2024 Consent and all other instruments, notes, agreements or other documents or items executed or delivered in connection with any of the foregoing are referred to as the "Financing Documents." Capitalized terms not otherwise defined herein have the same definitions set forth in the July 2024 PPA.

By this Agreement, the Company and the Investor have agreed to the following terms:

1. Event of Default. The Company acknowledges and agrees that an Event of Default occurred on or about July 22, 2024. The Company has requested that the Investor waive that and any other currently existing Event of Default, provided that the Company complies with all of its obligations under the Financing Documents following the date hereof and without prejudice to the Investor's rights following the date hereof in respect of any subsequent breach, default or Event of Default. The Investor hereby waives all existing Events of Default existing as of the date hereof; provided, that the Company complies with all of its obligations under the Financing Documents from and including the date hereof, including, but not limited to, the Company's obligation to evenly split 50%/50% any gross proceeds receivable by the Company from sales of Common Stock pursuant to the ATM Offering (as defined in the October 2024 Consent) during the Applicable ATM Time Period (as defined in the October 2024 Consent). The foregoing shall not waive or limit the Investor's rights and remedies with respect to any breach, default or Event of Default following the date hereof. The foregoing shall not broaden any consent or waiver previously granted by the Investor, including, but not limited to, those contained in the September 2024 Consent and the October 2024 Consent. Except as expressly set forth in this Section 1, the Investor reserves all rights under the Financing Documents and waives none.
2. Effect; Continuing Validity. Except as specifically set forth herein, the terms and conditions of the Financing Documents shall remain unmodified and are hereby ratified by the parties. The Company acknowledges and agrees that, except as otherwise expressly provided in this Agreement, all terms, conditions and provisions of the Financing Documents shall continue in full force and effect and remain unaffected and unchanged. Except as specifically set forth herein, this Agreement in no way acts as a release or relinquishment of, and in no way affects, the Investor's rights created by or arising under the


Financing Documents. Such rights are hereby ratified, confirmed, renewed and extended in all respects by the Company. The Financing Documents, and all of the Investor's rights and remedies thereunder and the indebtedness represented thereby are hereby recognized, renewed, extended and continued in full force and effect for the benefit of the Investor.

3. Miscellaneous. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. This Agreement may be executed in counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement electronically shall be equally as effective as delivery of a manually executed counterpart of this Agreement. No waiver of any provision of this Agreement shall be effective or enforceable unless made in writing signed by the party waiving any right or privilege hereunder.



IN WITNESS WHEREOF, the Company and the Investor have caused this Limited Waiver to be duly executed by a duly authorized representative as of the date first written above.

**COMPANY:
CANOO INC.**

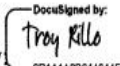
By: 
Name: Kunal Bhalla
Title: Chief Financial Officer



**INVESTOR:
YA II PN, LTD.**

By: Yorkville Advisors Global, LP
Its: Investment Manger

By: Yorkville Advisors Global II, LLC
Its: General Partner

By:  _____
Name: Troy J. Rillo
Title: Authorized Signatory

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is crucial for ensuring transparency and accountability in the organization's operations.

2. The second part of the document outlines the various methods and tools used to collect and analyze data. It highlights the need for consistent data collection practices and the use of advanced analytical techniques to derive meaningful insights from the data.

3. The third part of the document focuses on the role of technology in data management and analysis. It discusses how modern software solutions can streamline data collection, storage, and processing, thereby improving efficiency and accuracy.

4. The fourth part of the document addresses the challenges associated with data management, such as data quality, security, and privacy. It provides strategies to mitigate these risks and ensure that the data remains reliable and secure.

5. The fifth part of the document concludes by summarizing the key findings and recommendations. It stresses the importance of ongoing monitoring and evaluation to ensure that the data management processes remain effective and up-to-date.

6. The sixth part of the document provides a detailed overview of the data management framework. It describes the various components of the framework, including data sources, data integration, data storage, and data access. It also discusses the role of data governance in ensuring that the data is managed in a consistent and compliant manner.

7. The seventh part of the document discusses the importance of data security and privacy. It outlines the various security measures that should be implemented to protect the data from unauthorized access, loss, or theft. It also discusses the importance of privacy policies and the need to ensure that the data is used in a responsible and ethical manner.

8. The eighth part of the document focuses on the role of data in decision-making. It discusses how data can be used to identify trends, patterns, and opportunities, and how this information can be used to inform strategic decisions. It also discusses the importance of data literacy and the need for employees to be able to interpret and use data effectively.

9. The ninth part of the document discusses the importance of data in compliance. It outlines the various regulatory requirements that apply to data management and the need to ensure that the organization is compliant with these requirements. It also discusses the importance of data retention and the need to ensure that data is stored for the appropriate period of time.

10. The tenth part of the document concludes by summarizing the key findings and recommendations. It stresses the importance of ongoing monitoring and evaluation to ensure that the data management processes remain effective and up-to-date.

[***] = Certain information that has been excluded from the exhibit because it is both not material and is the type that the registrant treats as private or confidential.

EXECUTION COPY

REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT (this “**Credit Agreement**” or “**Agreement**”) made this 5th day of November, 2024 (the “**Effective Date**”), by and between **AFV Management Advisors, LLC**, a Delaware limited liability company (together with its successors and assigns, the “**Lender**”) and **Canoo Inc.**, a Delaware corporation with principal executive offices located at 15520 Highway 114, Suite 2C, Justin, Texas 76247 (the “**Borrower**”).

WITNESSETH:

WHEREAS, the Borrower wishes to obtain a revolving credit facility from Lender, and

WHEREAS, upon the terms and subject to the conditions set forth herein, the Lender is willing to establish on its books and records a revolving credit facility pursuant to which Lender will make loans and advances to Borrower in an aggregate amount not to exceed \$12,000,000.00.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. PARTICULAR TERMS AND DEFINITIONS.

(a) As used in this Agreement, the following terms shall have the respective meanings indicated opposite each of them:

“**Advances**” means extensions of credit under the Revolver Loan.

“**Affiliate**” of a Person means (i) any Person controlling, controlled by or under common control with such named Person; (ii) any officer, director or employee of such named Person or any Affiliate of the named Person; and (iii) any family member of the named Person or any Affiliate of such named Person.

“**Availability Amount**” refers at any time to an amount equal to the following: (1) the lesser of (x) the lesser of the Maximum Revolver Loan Availability, or (y) the Borrowing Base, as determined by Lender in its good faith and reasonable discretion from time to time; minus (2) the aggregate amount of all outstanding Advances made under the Revolver Loans immediately prior to any such Advance is then made, minus (3) any other financial accommodations established by the Lender in favor of, or on behalf of, the Borrower under the Revolver Loans, of which notice by the Lender in writing has been provided to the Borrower.

“**Bentonville Property**” means the real property and improvements thereon located at [***].

“**Bentonville Lease**” means that certain Lease Agreement dated [***].

“**Borrower’s Knowledge**” and any derivation thereof, shall mean the actual (and not implied) knowledge of the Borrower Knowledge Group, existing on the date of this Credit Agreement, without due inquiry or investigation.

314257220v.2 / 111330.000015
314257220v.5
314257220v.7
314257220v.10

“Borrower Knowledge Group” shall mean any of Anthony Aquila, Ramesh Murthy, Kunal Bhalla and Sean Yan.

“Borrower Security Agreement” means the Security Agreement of even date herewith, together with any similar instrument now or hereafter executed by the Borrower granting the Lender, for the benefit of the Secured Parties, a security interest in any Collateral to secure the Loan, the Note and any other Obligations.

“Borrowing Base” means, on any date of determination thereof, the sum of (i) fifty-seven percent (57%) of the aggregate cash on deposit in the LC Collateral Account; provided, however, in the event Borrower or Lender receives notice or becomes aware that the proceeds of the L/C Collateral Account are unlikely to be released to the Borrower within ninety (90) days from the date of the Initial Advance, the L/C Collateral Account funds will be removed from the Borrowing Base, plus (ii) fifty percent (50%) multiplied by the lesser of (a) Borrower’s cost basis in the Equipment pledged as Collateral, or (b) of the aggregate fair market liquidation value of the Equipment, as determined by the Lender in its good faith and reasonable discretion, but which as of the Effective Date is estimated to be \$16,000,000.00.

“Chattel Paper” has the same meaning as the definition of “chattel paper” as contained in the UCC, and shall also mean and include all writing or writings which evidence both a money obligation and a security interest in, or a sale or a lease of, specific Equipment, in all of the above cases, whether now owned or existing or whether hereafter existing, created or acquired.

“Collateral” shall mean (i) the Equipment owned by Borrower or its Subsidiaries to the extent set forth on Exhibit A attached to the Security Agreement, (ii) the LC Collateral Account, together with all interest, cash, substitutions, replacements, and other rights with respect thereto and all other property received in respect thereof or in exchange therefor and all proceeds of any of the foregoing; and (iii) together with whatever is receivable or received when any of the Collateral or proceeds thereof are sold, leased, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, including without limitation, (a) all accounts, contract rights, chattel paper (whether electronic or tangible), instruments, promissory notes, documents, general intangibles, payment intangibles and other rights to payment of every kind now or at any time hereafter arising out of any such sale, lease, collection, exchange or other disposition of any of the foregoing, (b) all rights to payment, including returned premiums, with respect to any insurance relating to any of the foregoing, and (c) all rights to payment with respect to any claim or cause of action affecting or relating to any of the foregoing.

“Committed Additional Advance” shall mean an Advance (or multiple Advances in an aggregate amount) equal to \$2,000,000.00, to be funded following the Initial Advance in accordance with the terms hereof, as and when requested by the Borrower, such Committed Additional Advance to be used by Borrower for payment of company expenses strictly in accordance with the Budget attached as Schedule 1(a).

“Commodity Exchange Act” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

[***]

“CTI Sub” means Canoo Technologies Inc., a Delaware corporation and an indirect, wholly-owned subsidiary of the Borrower.

EXECUTION COPY

“Equipment” has the same meaning as the definition of “equipment” in the UCC, together with personal property, fixtures, machinery and equipment, handling and delivery equipment, cranes and hoisting equipment, office machines and equipment, in all cases above, of every nature and description and whether affixed to realty or not and whether presently owned by Borrower or hereafter acquired, and wherever located.

“Financial Statements” shall mean statements of the assets, liabilities (direct or contingent), income and expenses of the Borrower prepared in accordance with generally accepted accounting principles.

“Grid Promissory Note” means the revolving credit promissory note in the form of Exhibit A attached hereto to be made and delivered by the Borrower to the Lender concurrently with this Agreement to evidence the Revolver Loan.

“Initial Advance” means a cash Advance equal \$3,855,322.00 to be used to repay in full the principal of and all accrued interest on the October 18 Loan, October 21 Loan, October 30 Loan, and November 1 Loan.

“Instruments” has the same meaning as the definition of “instrument” as contained in the UCC, and also means and includes a negotiable instrument or a security, or any other writing which evidences a right to the payment of money and is not itself a security agreement or lease and is of the type which is, in the ordinary course of business, transferred by delivery with any necessary endorsement or assignment, in all of the above cases, whether now owned or existing or whether hereafter existing, created or acquired.

“LC Collateral Account” shall mean the cash deposit account number *****9786 held at Silicon Valley Bank currently securing Borrower’s obligations to Silicon Valley Bank in connection the SVB Letter of Credit.

“Lease” means that certain Lease dated April 7, 2023 by and between Lender, as landlord, and Borrower, as tenant, with respect to the real property and improvements located at the Oklahoma Property.

“Loan” means the Revolver Loan.

“Loan Documents” shall mean the Note, this Agreement, the Borrower Security Agreement, the Subsidiary Security Agreement, the Account Pledge and Security Agreement, the Subsidiary Guaranty, and all other related documents required by the Lender in connection with the Loan or the other Obligations, all as the same may hereafter be modified, extended, amended, replaced and/or restated from time to time.

“Maximum Revolver Loan Availability” means an aggregate principal amount not to exceed Twelve Million and No/00 Dollars (\$12,000,000.00) at any one time.

“Note” shall mean the Grid Promissory Note, as the same may hereafter be modified, extended, amended, replaced and/or restated from time to time.

“Obligations” shall mean the Loan, the Note and other indebtedness, advances, debts, liabilities, obligations, covenants and duties owing by the Borrower to the Lender, or any other Person required to be indemnified, that arises under this Agreement or any other Loan Document, whether or not

EXECUTION COPY

for the payment of money, whether arising by reason of an extension of credit, loan, guaranty, mortgage, indemnification or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired, including all interests, whether or not accruing after the filing of any petition in bankruptcy or after the commencement of any insolvency, reorganization or similar proceeding, and whether or not a claim for post-filing or post-petition interest is allowed in any such proceeding.

“**October 18 Loan**” means that certain \$850,000.00 loan made by Lender to Borrower pursuant to that certain Unsecured Grid Promissory Note dated October 18, 2024 by and between AFVMA and Borrower (the “**Unsecured Grid Note**”).

“**October 21 Loan**” means that certain \$270,000.00 loan made by Lender to Borrower on October 21, 2024 pursuant to the Unsecured Grid Note.

“**October 30 Loan**” means that certain \$2,000,000.00 loan made by Lender to Borrower on October 30, 2024 pursuant to the Unsecured Grid Note.

“**Oklahoma Property**” shall mean the real property and improvements located at 9528 W I-40 Service Road Oklahoma City, Oklahoma and occupied by the Borrower pursuant to the Lease.

“**November 1 Loan**” means that certain \$725,000.00 loan made by Lender to Borrower on November 1, 2024 pursuant to the Unsecured Grid Note.

“**Person**” shall mean any natural person, corporation, unincorporated organization, trust, joint-stock company, joint venture, association, company, limited or general partnership, limited liability company, any government or any agency or political subdivision of any government, or any other entity or organization.

“**Pledged Account Control Agreement**” shall mean a control agreement by and among the Lender, Borrower, and Silicon Valley Bank with respect to the LC Collateral Account, in form and substance acceptable to the Lender.

“**Revolving Credit Period**” shall mean the period from and including the date of this Agreement to but not including the Termination Date.

“**Revolver Loan**” means a revolving loan facility made by Lender as provided in Section 2(a) below in an aggregate amount not to exceed the Maximum Revolver Loan Availability at any one time.

“**SEC Documents**” shall mean, collectively, the reports, schedules, forms, proxy statements, statements and other documents filed by the Borrower with the Securities and Exchange Commission (the “**SEC**”) pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) during the twenty-four (24) calendar months prior to the date hereof, together with all exhibits and appendices included therein and financial statements, notes and schedules thereto and documents incorporated by reference therein.

“**Secured Parties**” shall mean, collectively, the Lender and any other holder of any Obligation.

“**Subsidiary**” means any significant subsidiary as defined in Rule 405 of the Exchange Act.

“**Subsidiary Guaranty**” means that certain Unconditional Guaranty of even date herewith, made by CTI Sub in favor of Lender.

“**Subsidiary Security Agreement**” means the Security Agreement of even date herewith, together with any similar instrument now or hereafter executed by CTI Sub granting the Lender, for the benefit of the Secured Parties, a security interest in any Collateral to secure the Loan, the Note and any other Obligations.

“**SVB Letter of Credit**” means that certain Irrevocable Standby Letter of Credit No. [***], originally issued by Silicon Valley Bank to [***], as beneficiary, in respect of [***].

“**Termination Date**” means the earlier to occur of (i) one (1) year from the Initial Advance, (ii) the date upon which the Revolver Loans are accelerated in accordance with the terms of the Loan Documents, (iii) the Borrower having obtained a cumulative aggregate of other debt and/or equity financing in the amount of \$150,000,000.00 (calculated from October 17, 2024), and (iv) ninety (90) days following the date Anthony Aquila ceases to be the Chief Executive Officer or Executive Chairman of the Borrower, other than as a result of termination for cause or his voluntary resignation, unless such resignation by Mr. Aquila follows a determination by the Board of Directors that a material conflict of interest exists and the Board of Directors requests such resignation in the absence of a factual basis for termination for cause.

“**UCC**” means the Uniform Commercial Code (or any successor statute) in force and effect in the State of New York from time to time. Any term used in this Agreement and in any financing statement filed in connection herewith which is defined in the UCC and not otherwise defined in this Agreement or in any other Loan Document has the meaning given to the term in the UCC.

(b) Certain other capitalized terms are defined in later Sections of this Agreement or in the Note or Loan Documents.

2. TERMS OF THE LOAN.

(a) Subject to the terms hereof, the Lender shall establish upon its books and records for the benefit of Borrower a revolving credit facility in the amount of the Maximum Revolver Loan Availability. The Lender agrees, on the terms and conditions hereinafter set forth, to lend and make Advances under the Revolver Loan to Borrower from time to time during the Revolving Credit Period in amounts such that the aggregate principal amount of the Advances at any one time outstanding will not exceed the lesser of (i) the Maximum Revolver Loan Availability, and (ii) the Borrowing Base. The Lender hereby covenants and agrees to fund (x) the Initial Advance on or about the Effective Date, and (y) the Committed Additional Advance, as and when requested by the Borrower in accordance with the terms of this Agreement. Subject to the terms of this Agreement, Borrower may borrow, prepay and reborrow Advances at any time during the Revolving Credit Period.

(b) Borrower shall execute and deliver to Lender, on the date hereof, a promissory note in the form of Exhibit A attached hereto and made a part hereof (the “**Grid Promissory Note**”), which Grid Promissory Note, in addition to the records of Lender, shall evidence the Advances and interest accruing thereon. Interest shall accrue on the outstanding principal balance of the Revolver Loan in accordance with the terms of the Grid Promissory Note.

(c) All outstanding principal amounts and accrued interest under the Grid Promissory Note shall be due and payable in accordance with the terms of the Grid Promissory Note and this Agreement.

(d) All of the Loan Documents are hereby made a part of this Agreement to the extent and with the same effect as if fully set forth herein.

(e) The proceeds of the Revolver Loan shall be used by the Borrower for working capital purposes (including to pay accrued interest on any Advance) or as otherwise approved by Lender in its sole discretion.

(f) Borrower shall give Lender irrevocable telephonic notice of each proposed Advance not later than 11:00 a.m. Central time at the office of the Lender first set forth above two (2) Business Days prior to each proposed Advance. Notices received after 11:00 a.m. Central time at the office of the Lender shall be deemed received on the next business day. Lender's acceptance of such a request for an Advance (an "**Advance Request**") shall be indicated by its making the Advance requested. Such an Advance shall be made available to Borrower in immediately available funds by deposit into Borrower's account No. [***] maintained at Wells Fargo Bank, N.A.

(g) The Borrower shall provide a signed written Advance Request in form reasonably satisfactory to Lender, which Advance Request shall be irrevocable and shall be delivered to the Lender in accordance with Subsection (f) above and shall (1) set forth the calculation of the Borrowing Base and a reconciliation to the previous Advance Request or Borrowing Base Certificate, (2) provide description in reasonable detail of the proposed uses of the proceeds of such Advance, and (3) provide such information as the Lender may reasonably require; provided, however, after the Initial Advance, (i) the making of the Committed Additional Advance shall be subject to Lender's good faith discretion that the request for such Committed Additional Advance is consistent with the Budget, and (ii) any additional Advances (other than the Committed Additional Advance) shall be subject in all respects to approval by the Lender of the proposed uses of the proceeds so requested, in the Lender's sole discretion.

(h) Lender shall have no obligation to Borrower to honor any deemed Advance Request under Subsection (e) or Subsection (f) above, during the continuance of an Event of Default, after the Termination Date, or when the proposed Advance, when added to the aggregate outstanding principal amount of all Advances would exceed the lesser of the Maximum Revolver Loan Availability and the Borrowing Base or when any condition precedent in Section 4 hereof is not satisfied, but may do so in its discretion and without regard to the existence of, and without being deemed to have waived, any Event of Default.

(i) Notwithstanding anything set forth herein to the contrary, Lender may, in its sole and absolute discretion, make or permit to remain outstanding Advances which, when added to the principal amount of all other Advances, exceed the Maximum Revolver Loan Availability or the Borrowing Base, and all such amounts shall (i) be part of the Obligations evidenced by the Grid Promissory Note, (ii) bear interest as provided herein, (iii) be payable upon demand by Lender, and (iv) be secured by the Collateral and be entitled to all rights and security as provided under the Loan Documents.

(j) If Lender provides Borrower with a statement of account on a periodic basis, such statement (absent manifest error) will be presumed complete and accurate and will be definitive and binding on Borrower, unless objected to in detail by Borrower in writing within 30 days from the date upon which the statement of account is sent.

(k) Lender may terminate this Agreement and its commitment to make Advances under the Revolver Loan at any time, without notice, upon or after the occurrence of an Event of Default.

3. INTEREST RATE; REPAYMENT.

(a) Interest Rate.

(i) Interest on outstanding Advances shall accrue at a per annum rate equal to the Index plus six percent (6.00%) (the “**Margin**”). The interest rate on this Agreement is subject to change from time to time based on changes in an independent index (the “**Index**”) which is the Term SOFR Reference Rate for a tenor comparable to the Interest Period as administered by CME Group Benchmark Administration Limited, or such other administrator as Lender may determine from time to time (the “**Administrator**”), as published by the Administrator, two (2) U.S. Government Securities Business Days prior to the date of initial disbursement of the Loan or the start of each Interest Period, as applicable; provided, however, that if as of 5:00 p.m. (New York City time) on any date of determination the Term SOFR Reference Rate for the applicable tenor has not been published by the Administrator and the Term SOFR Reference Rate has not been replaced as the Index, then the Index will be the Term SOFR Reference Rate for such tenor as published by the Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such date of determination.

(ii) The first interest period (“**Interest Period**”) shall begin on the date of the Initial Advance (the “**Advance Date**”) and end on (but excluding) the next succeeding Payment Date, and thereafter, each period commencing on (and including) the last day of the immediately preceding Interest Period and ending on (but excluding) the next Payment Date (before any adjustment for a day that is not a U.S. Government Securities Business Day), provided, (i) any Interest Period that would otherwise end on (but exclude) a day which is not a U.S. Government Securities Business Day shall not be extended to the next succeeding U.S. Government Securities Business Day; and (ii) any Interest Period that would otherwise extend past the Maturity Date (as defined hereafter) shall end on the Maturity Date.

(iii) “**Term SOFR Reference Rate**” means the rate per annum determined by Lender as the forward-looking term rate based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York (or a successor thereof). “U.S. Government Securities Business Day” means any day except for (i) a Saturday, (ii) a Sunday, (iii) a day on which the Securities Industry and Financial Markets Association (or a successor thereof) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities. The Index is not necessarily the lowest rate charged by Lender on its loans. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each month. Borrower understands that Lender may make loans based on other rates as well. Interest on this Agreement shall be calculated on the basis of a 360 day year and charged for the actual number of days elapsed in an interest calculation period; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding during the interest calculation period. All interest payable under this Agreement shall be computed using this method. The index as of the date of this Agreement is the one month Term SOFR Reference Rate as aforesaid as of the date of this Agreement.

(iv) Notwithstanding any other provision of this Agreement, if Lender shall reasonably determine (which determination shall be conclusive and binding absent manifest error) that (i) the then current Index cannot be determined pursuant to the definition thereof, or (ii) the

then current Index does not adequately and fairly reflect the cost to Lender of funding the Loan, or (iii) it is unlawful for Lender to make or maintain the Loan evidenced hereby as the then current Index based loan as contemplated by this Agreement, Lender shall give prompt written notice thereof to Borrower and after the giving of such notice, the then current Index shall be replaced with an alternative or successor rate or index chosen by Lender in its reasonable discretion.

(v) If for any reason Lender determines (which determination shall be conclusive and binding absent manifest error) that: (i) the circumstances described in the immediately preceding paragraph above have arisen and that such circumstances are unlikely to be temporary; (ii) the then current Index is no longer a widely recognizable benchmark rate for newly originated commercial loans in the United States; (iii) the applicable supervisor or administrator (if any) of the then current Index or any Relevant Governmental Body having or purporting to have jurisdiction over Lender has made a public statement identifying a specific date after which the then current Index shall no longer be used for determining interest rates for commercial loans in the United States; (iv) there has occurred a public statement or publication of information by the administrator of the then current Index that it has ceased or will cease to provide all such Index (or component thereof), permanently or indefinitely; or (v) there has occurred a public statement by the regulatory supervisor for the administrator of the then current Index or any Relevant Governmental Body having jurisdiction over Lender announcing that such Index is no longer representative or may no longer be used, then, in any such case, Lender may designate a Replacement Rate (as defined below) that Lender may thereafter elect to implement to replace the then current Index, and if so implemented, any reference to the Index shall thereafter be deemed to refer to the Replacement Rate; provided, however, that until such Replacement Rate is designated by Lender, the then current Index shall be replaced as set forth in the immediately preceding paragraph above. For purposes of this paragraph, the following terms will have the following meanings:

“Index Adjustment” means, with respect to any replacement of the then current Index with a Replacement Rate, a spread adjustment, or method for calculating or determining such adjustment, (which may be a positive or negative value or zero) that is the then customary conversion methodology used by Lender and generally consistent with a methodology that has been selected or recommended by a Relevant Governmental Body for the Replacement Rate.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Lender of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Lender of New York, or any successor thereto.

“Replacement Rate” shall be equal to: (i) a reference rate which is then generally being implemented by commercial lenders as a replacement for the then current Index, and that gives due consideration to (A) the then prevailing or evolving market conventions for determining a variable rate of interest for similar loans in the United States and (B) the alternative reference rate and adjustments selected or recommended by a Relevant Governmental Body; (ii) as adjusted by any applicable Index Adjustment implemented at such time; provided, however, that if the Replacement Rate determined as provided above shall ever be less than zero percent (0.00%), then the Replacement Rate shall be deemed to be zero percent (0.00%). Lender will provide reasonable notice to Borrower of such replacement rate and the effective date of such rate after notifying Borrower such substitute index and spread adjustment will thereafter be the “Index” for purposes hereof without any further action by Borrower or any other entity or person.

If the adoption of or any change in any applicable law or regulation or in the interpretation or application thereof or compliance by Lender with any request or directive (whether or not having the force of law) from any central bank or other governmental authority made subsequent to the date hereof, shall (i) subject Lender to any tax of any kind whatsoever with respect to the current Index based loan made by it, or change the basis of taxation of payments to Lender in respect thereof (except for changes in the rate of tax on the overall net income of Lender); (ii) impose, modify, or hold applicable, any reserve, special deposit, compulsory loan, or similar requirement against assets held by, deposits or other liabilities in, or for the account of, advances, loans, or other extension of credit (including participations therein) by, or any other acquisition of funds by, any office of Lender which is not otherwise included in the determination of the current Index; or (iii) shall impose on such Lender any other condition; and the result of any of the foregoing is to materially increase the cost to Lender of making or maintaining the Loan evidenced hereby as an Index based loan, or to reduce any amount receivable hereunder, then, in any such case, Borrower shall promptly pay Lender, upon its demand, any additional amounts necessary to compensate Lender for such additional costs or reduced amount receivable which Lender reasonably deems to be material as determined by Lender, with respect to this Agreement. A certificate as to any additional amounts payable pursuant to this paragraph submitted by Lender to Borrower shall be presumptive evidence of such amounts owing. Lender agrees to use reasonable efforts to avoid, or to minimize, any amounts which might otherwise be payable pursuant to this paragraph, provided, however, that such efforts shall not cause the imposition on Lender of any additional costs or legal regulatory burdens deemed by Lender in good faith to be material.

In the event of (a) the payment of any principal of the Loan other than on the last day of the Interest Period applicable thereto (including as a result of default hereunder) or (b) the failure to borrow or prepay the Loan on the date specified in any notice delivered to Lender, then, in any such event, Borrower shall compensate Lender for any loss, cost and expense attributable to such event, including any loss, cost or expense arising from the liquidation or redeployment of funds or from any fees payable. A certificate of Lender setting forth any amount or amounts that Lender is entitled to receive pursuant to this paragraph shall be delivered to Borrower and shall be conclusive absent manifest error. Borrower shall pay Lender the amount shown as due on any such certificate within ten days after receipt thereof. Further, notwithstanding the foregoing, if the Borrower and Lender have entered into an interest rate swap or other hedging instrument in connection with the loan evidenced by this Agreement, then the replacement rate, adjustment thereto and timing of such replacement set forth in the hedging instrument will replace the Index.

(b) Payments.

(i) With respect to each Advance, the Borrower shall pay to the Lender accrued interest only in consecutive monthly payments on the 2nd Friday of the month following the date of such Advance and continuing on the 2nd Friday of each month thereafter (each a “**Payment Date**”) until the earlier to occur of (i) one hundred twenty (120) days after the making of any such Advance, and (ii) the Termination Date, whereupon all outstanding principal and accrued interest with respect to any such Advance shall be repaid in full. All outstanding principal, interest, fees and other charges owing under the Loan shall be due and payable to the Lender on the Termination Date. All payments shall be made at the Lender’s office set forth above or such other place as the Lender may from time to time specify in writing, in lawful currency of the United States of America, without counterclaim or setoff and free and clear of, and without any deduction or withholding for, any taxes or other payments.

(ii) If this Agreement or any payment due under this Agreement becomes due on a day which is not a U.S. Government Securities Business Day (as defined above), the due date of this

Agreement or such payment shall be extended to the next succeeding U.S. Government Securities Business Day, however such extension of time shall not be included in computing interest and fees in connection with such payment.

(iii) All payments shall be applied first to the payment of all fees, expenses and other amounts due the Lender (excluding principal and interest), to the extent reimbursable hereunder, then to accrued and unpaid interest and the balance, if any, on account of outstanding principal; provided, however, that after an Event of Default (as hereinafter defined) or demand, payments will be applied to the obligations of the Borrower to the Lender as the Lender determines in its sole discretion.

(iv) Notwithstanding anything to the contrary contained herein, upon the termination of the SVB Letter of Credit and/or the release of the cash proceeds of the LC Collateral Account to the Borrower, the Borrower shall promptly remit such proceeds to the Lender, which proceeds shall be applied by the Lender first to repay the cash amount of the Initial Advance, second to repayment of all other Advances then outstanding (unless such requirement is waived in writing by Lender), third to Lender and its Affiliates for any amounts outstanding under the Credit Agreement or otherwise (including, without limitation, the amounts listed on Schedule 3(b)(iv)), fourth to payment of all obligations required to be paid pursuant to the Budget then in effect, and finally, all remaining amounts, if any, shall be returned to the Borrower.

(c) Prepayment. Borrower may prepay the Loan without penalty or premium in whole or in part at any time.

(d) Mandatory Repayment. If, at any time, the aggregate principal amount of all Advances made and outstanding under the Revolver Loans shall exceed the Availability Amount, the Borrower shall promptly, and in no later than two (2) business days following such determination, repay so much of the outstanding principal balance, together with accrued interest on the portion of principal so repaid, as shall be necessary in order that the unpaid principal balance of all Advances outstanding under the Revolver Loan, after giving effect to such repayments, shall not be in excess of the Availability Amount. Any such prepayment will, at the option of the Lender, be applied first to accrued interest and costs, if any, to the date of the prepayment, and third to the outstanding principal due under the Revolver Loan.

4. CONDITIONS PRECEDENT. The Lender shall not be obligated to make, and the Borrower shall not be entitled to receive, any Revolver Loan or Advance hereunder, unless and until all of the following conditions precedent shall have been satisfied:

(a) In addition to any other requirement set forth in this Agreement, Lender will not make the Initial Advance or the Committed Additional Advance under the Revolver Loan unless and until the following conditions shall have been satisfied:

(i) the Borrower shall have delivered or caused to be delivered to the Lender, each of the Loan Documents, in form and substance satisfactory to the Lender, executed by the Borrower, as applicable; and

(ii) the Borrower shall have delivered or caused to be delivered to the Lender, a satisfactory Borrowing Base Certificate (as hereinafter defined) duly completed by Borrower, together with all supporting statements, schedules and reconciliations as reasonably required by Lender.

(b) In addition to any other requirement set forth in this Agreement, Lender will not be required to make an Advance (other than the Initial Advance and the Committed Additional Advance) under the Revolver Loan unless and until the following conditions shall have been satisfied, in the Lender's good faith discretion and each Advance Request shall be deemed to be a representation that all such conditions have been satisfied:

(i) Borrower shall have delivered to Lender an Advance Request and such other information as Lender may reasonably request, but which shall include, without limitation a detailed proposed uses of Advance proceeds consistent with the budget attached hereto as Schedule 1(a) (the "**Budget**"); provided, that the Borrower and Lender agree to engage in good faith discussions to update the Budget after the Effective Date; provided further, that the Budget will not be updated in any manner which would require Borrower to pay Lender or its Affiliates for any amounts outstanding pursuant to any agreement other than the Credit Agreement prior to December 15, 2024, provided that the Budget may be updated at any time after November 15, 2024 to require Borrower to pay Lender or its Affiliates for any lease rental arrears on a basis that is proportionate (measuring amounts paid to existing rental obligations then due) to the rate at which the Borrower then pays unaffiliated owners of properties which it leases.

(ii) No Event of Default shall have occurred and be continuing or will result from the making of the Advance in question and, if Borrower is required to deliver a written Advance Request, Borrower shall have delivered to Lender an officer's certificate to such effect, which may be incorporated in the Advance Request.

(iii) All representations and warranties made by Borrower herein or otherwise in writing in connection herewith shall be true and correct in all material respects (or if qualified by "materiality" "Material Adverse Affect" or similar language, in all respects (after giving effect to such qualification)) with the same effect as though the representations and warranties had been made on and as of the date of the proposed Advance.

(iv) The proposed Advance shall not cause the outstanding principal balance of the Revolver Loan to exceed the lesser of the Maximum Revolver Loan Availability and the Borrowing Base. If Borrower is required to deliver a written Advance Request, Lender shall have received documentation in form and substance to calculate and verify the Borrowing Base.

(v) Borrower shall have delivered such further documentation or assurances as Lender may reasonably require, including, without limitation, written confirmation in form and substance acceptable to the Lender that (i) Borrower's Board of Directors have approved the Loan Documents (including the Budget), and (ii) Borrower's Board of Directors shall have commenced specified agreed-upon budgetary restrictions on spending, which shall include, without limitation, (a) reductions in cash compensation of Borrower's senior executive management and Board of Directors fees (including with respect to individual executives who are Affiliates of the Lender), with such reductions (i) commencing no later than the payroll period during with the Initial Advance is made, and (ii) to limit Borrower's senior executives' cash compensation to no more than \$300,000.00 annually, and (b) a reduction-in-force with respect to both salaried and hourly employees.

5. REPRESENTATIONS AND WARRANTIES. Borrower hereby represents and warrants as follows:

(a) Each of the Borrower and its "Subsidiaries" is duly incorporated, validly existing, and in good standing under the laws of the jurisdiction in which it is incorporated. The Borrower has all requisite power and authority to own and operate its properties and assets and to carry on its business as

presently conducted. Each of the Borrower and its Subsidiaries is qualified to do business as a foreign entity in every jurisdiction in which the failure to be so qualified would have, or would reasonably be expected to have, a material adverse effect, individually or in the aggregate, upon the business, properties, tangible and intangible assets, liabilities, operations, financial condition or results of operation of the Borrower and its Subsidiaries taken as whole or the ability of the Borrower to perform its obligations under the Loan Documents (a “**Material Adverse Effect**”).

(b) The Borrower has all requisite corporate power and authority to execute and deliver this Agreement, the schedules and exhibits attached hereto, the Loan Documents and any other documents or agreements explicitly contemplated hereunder, and to carry out and perform its obligations under the terms of the Loan Documents.

(c) The execution, delivery, and performance of each Loan Document by the Borrower has been duly authorized by all requisite action on the part of the Borrower and each Loan Document constitutes the legal, valid, and binding obligation of the Borrower enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors’ rights generally, and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies (the “**Enforceability Exceptions**”).

(d) Except for any Current Report on Form 8-K, or any required filing or notification with the applicable rules and regulations of the Nasdaq Stock Market LLC or any successor entity (the “**Nasdaq Stock Market**”) or any filing necessary for the perfection of the Lien on the Collateral, neither the Borrower nor any of its Subsidiaries is required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order to consummate the transactions contemplated by the Loan Documents.

(e) Except as set forth on Schedule 5(e), the execution and delivery of the Loan Documents, the performance by the Borrower of its obligations under the Loan Documents and the consummation of the transactions contemplated hereby or thereby do not and will not (a) conflict with, result in the breach or violation of, or constitute (with or without the giving of notice or the passage of time or both) a violation of, or default under, (i) any bond, debenture note or other evidence of indebtedness, or under any lease, license, franchise, permit, indenture, mortgage, deed of trust, loan agreement, joint venture or other agreement or instrument to which the Borrower or any of its Subsidiaries is a party or by which it or its properties may be bound or affected, (ii) the Borrower’s amended and restated certificate of incorporation, as amended and as in effect on the date hereof (the “**Certificate of Incorporation**”), the Borrower’s amended and restated bylaws, as amended and as in effect on the date hereof (the “**Bylaws**”), or the equivalent document with respect to any of the Borrower’s Subsidiaries, as amended and as in effect on the date hereof, or (iii) any statute or law, judgment, decree, rule, regulation, ordinance or order of any court or governmental or regulatory body (including the Nasdaq Stock Market), governmental agency, arbitration panel or authority applicable to the Borrower, any of its Subsidiaries or their respective properties, except in the case of clauses (i) and (iii) for such conflicts, breaches, violations or defaults that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (b) result in the creation or imposition of any lien, encumbrance, claim, security interest or restriction whatsoever upon any of the material properties or assets of the Borrower or any of its Subsidiaries or an acceleration of indebtedness pursuant to any obligation, agreement or condition contained in any material bond, debenture, note or any other evidence of indebtedness or any material indenture, mortgage, deed of trust or any other material agreement or instrument to which the Borrower or any of its Subsidiaries is a party or by which the Borrower or any of its Subsidiaries is bound or to which any of the property or assets of the Borrower is subject.

(f) None of the Borrower, any of its predecessors, any director, executive officer, other officer of the Borrower, any beneficial owner of 20% or more of the Borrower's outstanding voting securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the Securities Act) connected with the Borrower in any capacity is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act (a "**Disqualification Event**"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3) of the Securities Act.

(g) The financial statements of the Borrower included in the SEC Documents have been prepared in accordance with generally accepted accounting principles, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the financial position of the Borrower as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(h) Except as set forth of Schedule 5(h), during the twelve (12) calendar months prior to the date hereof, neither the Borrower nor any of its Subsidiaries has (i) declared or paid any dividends, (ii) sold any assets, individually or in the aggregate, outside of the ordinary course of business or (iii) had any material capital expenditures, individually or in the aggregate, outside of the ordinary course of business. Borrower has not, nor, to Borrower's Knowledge, has any of its creditors, initiated any insolvency or bankruptcy proceedings with respect to or against Borrower or its Subsidiaries.

(i) Neither the Borrower nor any of its Subsidiaries is in violation of any term of or in default under its Certificate of Incorporation, any certificate of designations of any outstanding series of preferred stock of the Borrower (other than possible violations of any certificate of designation which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect) or the Bylaws or their organizational charter or bylaws, respectively. Neither the Borrower nor any of its Subsidiaries is in violation of any court or arbitral judgment, decree or order or any statute, ordinance, rule or regulation applicable to the Borrower or its Subsidiaries, and neither the Borrower nor any of its Subsidiaries will conduct its business in violation of any of the foregoing, except for possible violations which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, except as disclosed in the SEC Documents, the Borrower is not in violation of any of the rules, regulations or requirements of the Nasdaq Stock Market. Since December 31, 2023, (i) the Common Stock has been included for listing on the Nasdaq Stock Market, (ii) trading in the Common Stock has not been suspended by the SEC or the Nasdaq Stock Market and (iii) except as disclosed in the SEC Documents, the Borrower has received no communication, written or oral, from the SEC or the Nasdaq Stock Market regarding the suspension or delisting of the Common Stock from the Nasdaq Stock Market. Except as set forth on Schedule 5(i), to Borrower's Knowledge, the Borrower and its Subsidiaries possess all certificates, authorizations and permits issued by the appropriate regulatory authorities necessary to conduct their respective businesses as currently conducted, except where the failure to possess such certificates, authorizations or permits would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and, to Borrower's Knowledge, neither the Borrower nor any such Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit, except where such revocation or modification would not have a Material Adverse Effect.

(j) To Borrower's Knowledge, none of the Borrower, the Borrower's Subsidiaries or any director or officer of the Borrower, or any agent, employee or other Person acting on behalf of the Borrower or any of its Subsidiaries has, in the course of its, his or her actions for, or on behalf of, the

Borrower or any of its Subsidiaries (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

(k) [Intentionally Omitted].

(l) As of the Effective Date, all of Borrower's outstanding shares have been validly issued and are fully paid and nonassessable. Except as set forth in the SEC Documents or as set forth on Schedule 5(l): (i) there are no outstanding debt securities, notes, credit agreements, credit facilities or other agreements, documents or instruments evidencing material Indebtedness of the Borrower or any of its Subsidiaries or by which the Borrower or any of its Subsidiaries is bound; (ii) there are no financing statements securing obligations in any material amounts, either singly or in the aggregate, filed in connection with the Borrower or any of its Subsidiaries. The Borrower has filed as exhibits to the SEC Documents, true, correct and complete copies of the Borrower's Certificate of Incorporation and the Borrower's Bylaws.

(m) Except as disclosed in the SEC Documents or as set forth on Schedule 5(m), there is no material action, suit, proceeding, inquiry or investigation before or by the Nasdaq Stock Market, any court, public board, government agency, self-regulatory organization or body pending or, to Borrower's Knowledge, threatened against or affecting the Borrower or any of its Subsidiaries, the Common Stock or any of the Borrower's Subsidiaries or any of the Borrower's or its Subsidiaries' officers or directors, whether of a civil or criminal nature or otherwise, in each case, that could reasonably be expected to have a Material Adverse Effect. No court, administrative body or arbitral body has issued any order, judgment, decree or injunction restricting the operation of the business of the Borrower or any of its Subsidiaries that could reasonably be expected to have a Material Adverse Effect.

(n) Except as set forth on Schedule 5(n), the Borrower and each of its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Borrower believes to be prudent and customary in the businesses in which the Borrower and its Subsidiaries are engaged. During the 12 calendar months prior to the date hereof, neither the Borrower nor any such Subsidiary has been refused any insurance coverage sought or applied for, except where such refusal would not have a Material Adverse Effect.

(o) Neither the Borrower nor any of its Subsidiaries own any real property. Except as set forth on Schedule 5(o), any real property and facilities held under lease by the Borrower and any of its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Borrower and its Subsidiaries.

(p) Except as set forth on Schedule 5(p), to Borrower's Knowledge, the Company owns, possesses or can acquire on reasonable terms sufficient trademarks, service marks, trade names, patents, copyrights (including registrations and applications for any of the foregoing), domain names, licenses, approvals, trade secrets, know how, inventions, technology and other similar rights (collectively, "**Intellectual Property Rights**") reasonably necessary to conduct its business as now conducted. To the Borrower's Knowledge, the operation of the business of the Borrower, as now conducted, together with the Borrower's use of the Borrower's Intellectual Property Rights, does not conflict with, infringe, misappropriate or otherwise violate the Intellectual Property Rights of any third party. Except as disclosed

in the SEC Documents, no actions, suits, claims or proceedings have been asserted, or, to the Borrower's Knowledge, threatened against the Borrower alleging any of the foregoing or seeking to challenge, deny or restrict the operation of the business of the Borrower. Except as disclosed in the SEC Documents, the Borrower has not received any notice of a claim of infringement, misappropriation or conflict with Intellectual Property Rights of others, except for such claims that would not, individually or the in aggregate, be reasonably expected to have a Material Adverse Effect.

Except as disclosed in the SEC Documents, the Intellectual Property Rights owned by the Borrower and, to Borrower's Knowledge, any Intellectual Property Rights licensed to the Borrower have not been adjudged invalid or unenforceable, in whole or in part, and there is no pending or, to Borrower's Knowledge, threatened material action, suit, proceeding or claim by others challenging the validity or scope of any such Intellectual Property Rights, except for such actions, suits, proceedings, or claims that would not, individually or the in aggregate, be reasonably expected to have a Material Adverse Effect. Except as otherwise disclosed in the SEC Documents, to Borrower's Knowledge the Borrower is not a party to or bound by any options, licenses or agreements with respect to the Intellectual Property Rights of any other person or entity that are required to be set forth in the SEC Documents, except where the failure to so disclose would not have a Material Adverse Effect. To Borrower's Knowledge, none of the technology or intellectual property used by the Borrower in its business has been obtained or is being used by the Borrower in violation of any contractual obligation binding on the Borrower or, to the Borrower's Knowledge, any of its officers, directors or employees or otherwise in violation of the rights of any persons.

The Borrower has, in all material respects, duly and properly filed or caused to be filed with the U.S. Patent and Trademark Office (the "PTO"), foreign patent authorities and/or international patent authorities all patent applications disclosed in the SEC Documents as owned by the Borrower (the "**Borrower Patent Applications**"). To Borrower's Knowledge, the Borrower has complied with the PTO's duty of candor and disclosure for the Borrower Patent Applications and, to Borrower's Knowledge, has made no material misrepresentation during prosecution of the Borrower Patent Applications.

The Borrower has used its commercially reasonable efforts, but in no event less than those efforts which would accord with normal industry practice, to maintain the confidentiality of the trade secrets and other confidential Intellectual Property Rights used in connection with the Borrower's business. To Borrower's Knowledge, except as would not reasonably be expected to have a Material Adverse Effect, all material trade secrets used in connection with the Borrower's business are valid and protectable. Furthermore, except as disclosed in Schedule 5(p) or as disclosed in the SEC Documents, to Borrower's Knowledge, (i) there has been no misappropriation of any material trade secrets or other material confidential Intellectual Property Rights used in connection with the business of the Borrower by any person; (ii) no employee, independent contractor or agent of the Borrower has misappropriated any trade secrets of any other person in the course of performance as an employee, independent contractor or agent of the Borrower; (iii) no third party is using or has been granted any rights to use any trade secret or other confidential Intellectual Property Rights material to the business of the Borrower; and (iv) no employee, independent contractor or agent of the Borrower is in default or breach of any term of any employment agreement, nondisclosure agreement, assignment of invention agreement or similar agreement or contract relating in any way to the protection, ownership, development, use or transfer of Intellectual Property Rights, in each case, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(q) Except as set forth on Schedule 5(q), to Borrower's Knowledge, the Borrower and its Subsidiaries (i) are in compliance with any and all Environmental Laws (as hereinafter defined), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any

such permit, license or approval where, in each of the foregoing clauses (i), (ii) and (iii), the failure to so comply could be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. The term “**Environmental Laws**” means all federal, state, local or foreign laws relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), including, without limitation, laws relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, or toxic or hazardous substances or wastes (collectively, “**Hazardous Materials**”) into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as well as all authorizations, codes, decrees, demands or demand letters, injunctions, judgments, licenses, notices or notice letters, orders, permits, plans or regulations issued, entered, promulgated or approved thereunder.

(r) Except as set forth in the SEC Documents, the Borrower maintains a system of internal controls over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management’s general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset and liability accountability, (iii) access to assets or incurrence of liabilities is permitted only in accordance with management’s general or specific authorization and (iv) the recorded accountability for assets and liabilities is compared with the existing assets and liabilities at reasonable intervals and appropriate action is taken with respect to any difference. Except as set forth in the SEC Documents, the Borrower maintains disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are effective in ensuring that information required to be disclosed by the Borrower in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC, including, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Borrower in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Borrower’s management, including its principal executive officer and its principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(s) The Borrower is not an “investment company,” a company controlled by an “investment company” or an “affiliated person” of, or “promoter” or “principal underwriter” for, an “investment company” as such terms are defined in the Investment Company Act of 1940, as amended.

(t) Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect or as set forth on Schedule 5(t), to Borrower’s Knowledge, the Borrower and its Subsidiaries each (i) has made or filed all federal, state and local income and all foreign income and franchise tax returns, reports and declarations required by any jurisdiction to which it is subject and (ii) has paid all taxes and other governmental assessments and charges, fines or penalties that are material in amount, shown or determined to be due on such returns, reports and declarations.

(u) Except as disclosed in the SEC Documents or set forth on Schedule 5(u), none of the officers or directors of the Borrower or any Subsidiary and, to the Borrower’s Knowledge, none of the employees of the Borrower or any Subsidiary is presently a party to any transaction with the Borrower or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, providing for the borrowing of money from or lending of money to or otherwise requiring payments to or from any officer, director or such employee or, to Borrower’s Knowledge, any entity in which any officer, director, or any such employee has a substantial interest or is

an officer, director, trustee, stockholder, member or partner, in each case in excess of \$120,000 other than for (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Borrower or a Subsidiary, (iii) other employee benefits, including stock option agreements under any stock option plan of the Borrower, and (iv) the October 18 Loan and October 21 Loan.

(v) The Equipment that is Collateral as of the date hereof consists in all material respects of items of a quality and quantity usable in the ordinary course of Borrower's business, ordinary wear and tear excepted. In connection with the making of the Initial Advance, Borrower provided Lender with documentation setting forth Borrower's valuation of the Equipment that is Collateral, including the Borrower's cost basis in the Equipment that is Collateral, determined by Borrower in accordance with generally accepted accounting principles, together with Borrower's good faith reasonable estimate of the liquidation market value of the Equipment that is Collateral.

(w) Borrower has a good faith reasonable expectation that an amount equal to fifty-seven percent (57%) (\$5,500,000) of the cash proceeds in the LC Collateral Account shall be released to the Borrower within ninety (90) days from the date hereof.

6. COVENANTS REGARDING COLLATERAL. The Borrower hereby covenants and agrees with the Lender that, as to the Collateral, Borrower will, throughout the term of this Agreement:

(a) Use the Collateral only in the ordinary course of its business and will use its commercially reasonable efforts to not permit the Collateral to be used in violation of any applicable law or policy of insurance in any material respect.

(b) As agent for Lender and any other Secured Party, defend the Collateral against all claims and demands of all Persons, except for the following permitted liens: (i) liens securing any of the Obligations; (ii) liens for taxes or assessments or other governmental charges or levies if not yet due and payable, or if they are being contested in good faith by appropriate proceedings and for which appropriate reserves are maintained; (iii) liens existing at the time of the execution of this Agreement and disclosed to the Lender in writing; (iv) inchoate mechanic's, materialmen's, or other liens otherwise arising by operation of law; (v) any Lien on the LC Collateral Account securing the Borrower's obligations to Silicon Valley Bank, as the issuing bank, in connection with the SVB Letter of Credit, and (vi) any pledge of the LC Collateral Account to [***] as security for CTI Sub's obligations as tenant under the Bentonville Lease (each of the foregoing, a "**Permitted Lien**").

(c) At Lender's request, obtain and deliver to Lender such third party waivers as Lender may require, including, without limitation, landlord waivers.

(d) At Lender's request, promptly deliver to Lender all Instruments or documents of title which are Collateral in tangible form, appropriately endorsed to Lender's order.

(e) Not sell, assign, lease, transfer, pledge, hypothecate or otherwise dispose of or encumber any Collateral or any interest therein, except for Permitted Liens.

(f) Not, except as otherwise provided herein, allow any Equipment to become an accession to or part of, any property of any other Person; nor allow any tangible Collateral to become a fixture except as otherwise approved by Lender.

(g) Notify Lender promptly (and no later than one (1) Business Day) of any material loss or damage to, or material diminution in, or any occurrence which would materially adversely affect, the value of any Collateral.

(h) The Borrower shall (i) maintain the LC Collateral Account in accordance with the terms and conditions of the Account Pledge and Security Agreement, and (ii) within thirty (30) days of the Effective Date, deliver to Lender the Pledged Account Control Agreement with respect to the LC Collateral Account.

7. OTHER COVENANTS. The Borrower hereby covenants and agrees with the Lender that it will, throughout the term of this Agreement:

(a) (i) Continue to remain in and operate substantially the same line of business in which it is presently engaged; (ii) not suspend transaction of its usual business; (iii) conduct its business in an orderly, efficient and customary manner and in compliance in all material respects with the quarterly budgets submitted to the Lender, except as would not reasonably be expected to result in a Material Adverse Effect; (iv) comply with all laws, ordinances, rules, regulations and requirements and shall maintain its business, properties and assets necessary to conduct its business in compliance with all applicable governmental laws, ordinances, approvals, rules, regulations and requirements, including without limitation, zoning, sanitary, pollution, building, environmental and safety laws and ordinances, and the rules and regulations promulgated thereunder, except as would not reasonably be expected to result in a Material Adverse Effect; and (v) not remove, demolish, materially alter, discontinue the use of, sell, transfer, assign, hypothecate, pledge or otherwise dispose of any part of its properties and assets necessary for the continuance of its business, as presently conducted and as presently contemplated, other than in the normal course of its business.

(b) Keep and maintain complete and accurate books and records in accordance with generally accepted accounting principles consistently applied, reflecting all of the financial affairs of the Borrower. The Borrower shall permit representatives of the Lender, upon reasonable prior notice and at no cost or expense to the Borrower, to examine and audit the Borrower's (and its parent's and its subsidiaries') books and records, to inspect and examine the Collateral, to verify and discuss the Borrower's financial condition and the contents of the Borrower's financial statements with the Borrower's accountants.

(c) Not transfer, lease, convey or encumber in any way the Collateral or any part thereof or any interest therein without the prior written consent of the Lender except (i) the for the imposition of Permitted Liens, and (ii) as otherwise permitted in the Loan Documents (it being understood that the Lender shall have the right to approve or deny such request, in its sole discretion).

(d) Not merge into, consolidate with or into, or sell, assign, lease or otherwise dispose of (whether in one transaction or a series of transactions) all or substantially all of its assets (now owned or hereafter acquired) to any Person, without the prior written consent of the Lender.

(e) Furnish to the Lender, with each set of Financial Statements required to be delivered to the Lender pursuant to Section 8 hereof a compliance certificate signed by the Borrower's chief financial officer certifying that: (i) none of the covenants of the Borrower contained in this Agreement or any other Loan Document has been breached in any material respect; and (ii) to its knowledge, no event has occurred which, with the giving of notice or the passage of time, or both, would constitute an Event of Default. In addition, the Borrower shall promptly notify the Lender of the occurrence of any default, Event of Default, or adverse litigation which could reasonably be expected to have a material effect on the Borrower. The Borrower shall also furnish to the Lender such other information respecting the operations of the Borrower as the Lender may from time to time reasonably request.



(f) Not substitute any Collateral without the prior written consent of the Lender.

(g) Operate its business, conduct its operations, and pay its expenses in a manner consistent with the Budget.

8. BOOKS AND RECORDS; FINANCIAL STATEMENTS.

(a) During the term of the Loan, the Borrower shall keep adequate books and records of account in accordance with generally accepted accounting principles consistently applied and shall furnish or cause to be furnished to the Lender, all in form and substance acceptable to the Lender:

(i) Within sixty (60) days after the end of each fiscal quarter ending March 31, June 30, September 30, and December 31, a completed Borrowing Base Certificate in the form attached hereto as Exhibit B (a "**Borrowing Base Certificate**"). Borrower shall attach the following to each Borrowing Base Certificate, which shall be certified by the chief financial officer or president of Borrower to be accurate and complete and in compliance with the terms of the Loan Documents: (i) a report demonstrating (in form reasonably acceptable to Lender) and certifying that, as at the end of the applicable period, each Borrower is in full compliance with all affirmative, negative and financial covenants set forth herein and in each other Loan Document, and (ii) any other report as Lender may from time to time require in its reasonable discretion, each prepared with respect to such periods and with respect to such information and reporting as Lender may require. Notwithstanding the foregoing, a Borrower shall not be required to provide a Borrowing Base Certificate within fifteen (15) days after the end of any month where there has been no change to the Borrowing Base Certificate delivered by such Borrower for the previous monthly reporting period.

(ii) Within fifteen (15) days of each calendar month, an updated sources and uses of Revolver Loan proceeds through fiscal year 2025, together with an updated budget and such additional information as the Lender may reasonably request.

(b) The Lender shall have the right to inspect and make copies of the Borrower's books, records and income tax returns, upon reasonable prior notice and at no material cost or expense to the Borrower.

9. NEGATIVE COVENANTS. The Borrower shall comply with each of the following financial covenants:

(a) The Borrower shall not enter into any covenant or other agreement that prevents it or could prevent it in the future from pledging, granting a security interest in, mortgaging, assigning, encumbering or otherwise creating a lien on any of its property (whether real or personal, tangible or intangible, and now owned or hereafter acquired) in favor of the Lender or any other Secured Party, or that would be breached if the Borrower were to pledge, grant a security interest in, mortgage, assign, encumber or otherwise create a lien on any of its property (whether real or personal, tangible or intangible, and now owned or hereafter acquired) in favor of the Lender or any other Secured Party.

(b) The Borrower shall not make any loans or advances to any other Person, including without limitation, officers, directors, shareholders, principals, partners or Affiliates of the Borrower; provided that Borrower may make inter-company loans to its Subsidiaries in a manner consistent with past practices.

(c) Other than Borrower's existing ATM and PPA loan facilities as described in the SEC Documents, the Borrower shall not create, incur or assume any indebtedness for borrowed money other than existing indebtedness previously disclosed to and approved by the Lender.

(d) The Borrower shall not assume, guarantee, endorse or otherwise become directly or contingently liable for any material obligations of any other Person except by endorsement of negotiable instruments for deposit or collection in the ordinary course of business, and for lease and commercial contract guaranties approved in writing by the Lender.

(e) Except for Permitted Liens, the Borrower shall not pledge, grant a security interest in, mortgage, assign, encumber or otherwise create a lien on any of its (i) Intellectual Property Rights, or (ii) Equipment (to the extent not pledged to Lender as of the date hereof), in each case whether now owned or hereafter acquired, unless in favor of the Lender or any other Secured Party.

10. INDEMNIFICATION.

(a) The Borrower hereby indemnifies and agrees to protect, defend and hold harmless the Lender, any entity which "controls" the Lender within the meaning of Section 15 of the Securities Act of 1933, as amended, or is under common control with the Lender, and any member, officer, director, official, agent, employee or attorney of the Lender, and their respective heirs, administrators, executors, successors and assigns (collectively, the "**Indemnified Parties**"), from and against any and all losses, damages, expenses or liabilities of any kind or nature and from any suits, claims or demands, including attorneys' fees incurred in investigating or defending such claim, suffered by any of them and caused by, relating to, arising out of, resulting from, or in any way connected with the Loan Documents or the transactions contemplated therein (unless determined by a final judgment of a court of competent jurisdiction to have been caused by the gross negligence or willful misconduct of the Indemnified Parties) including, without limitation: (i) disputes on account of any act or omission to act by the Lender in connection with the Collateral; (ii) any untrue statement of a material fact contained in information submitted to the Lender by the Borrower or the omission of any material fact necessary to be stated therein in order to make such statement not misleading or incomplete; (iii) the failure of the Borrower to perform any Obligations required to be performed by the Borrower; and (iv) the ownership, operation, use or maintenance of Collateral. Notwithstanding anything to the contrary contained herein, Borrower's indemnification obligations hereunder shall not extend to any claim or demand arising as a result of any action or inaction by Borrower taken (or not taken) (1) unilaterally by Mr. Aquila, in his capacity as CEO of the Borrower, or (2) at the express written direction of Mr. Aquila, in his capacity as CEO of the Borrower, unless such direction is given by Mr. Aquila in compliance with a directive of the Borrower's Board of Directors as to which Mr. Aquila has expressed his opposition, either by a vote against such directive, or a written objection.

(b) In case any action shall be brought against the Lender or any other Indemnified Party in respect to which indemnity may be sought against the Borrower, the Lender or such other Indemnified Party shall promptly notify the Borrower and the Borrower shall assume the defense thereof, including the employment of counsel selected by the Borrower and reasonably satisfactory to the Lender, the payment of all costs and expenses and the right to negotiate and consent to settlement. The failure of the Lender to so notify the Borrower shall not relieve the Borrower of any liability it may have under the foregoing indemnification provisions or from any liability which it may otherwise have to the Lender or any of the other Indemnified Parties. The Lender shall have the right, at its sole option, to employ separate counsel in any such action and to participate in the defense thereof, all at the Borrower's sole cost and expense. The Borrower shall not be liable for any settlement of any such action effected without its consent, but if settled with the Borrower's consent, or if there be a final judgment for the claimant in any such action,

the Borrower agrees to indemnify and save harmless the Lender from and against any loss or liability by reason of such settlement or judgment.

(c) The provisions of this Section 10 shall survive the repayment or other satisfaction of the Loan.

11. INSURANCE REQUIREMENTS. The Borrower shall maintain insurance coverage consistent with market practice of business in the same industry and of similar size and financial condition, or otherwise as may reasonably be required by the Lender. All insurance policies required by this Agreement shall be (i) issued by companies which shall have an A.M. Best Rating Guide Stability Rating of A- or better, and a Financial Rating of VI or better, (ii) on forms, in amounts and with deductibles, all of which are acceptable to the Lender and (iii) maintained throughout the term of the Loan, without cost to the Lender. All policies shall be deposited with the Lender (if required by the Lender), and shall contain such provisions as the Lender deems necessary or desirable to protect its interest, including, without limitation, a provision that such policy shall not be cancelled, altered or in any way limited in coverage or reduced in amount unless the Lender is given thirty (30) days prior written notice or ten (10) days prior written notice of non-payment of premium. To the extent the Borrower is unable to finance any such insurance policy, all insurance policies provided for herein shall be fully paid for and nonassessable.

12. EVENTS OF DEFAULT. The occurrence of any of the following shall constitute an Event of Default (an “**Event of Default**”) hereunder:

(a) The Borrower shall fail to make any payment required under any of the Loan Documents within three (3) business days of the date when due, subject to any notice and cure periods, if any, provided herein and therein;

(b) The Borrower shall fail to perform any of the Obligations or comply with any of the covenants, conditions or terms applicable to Borrower under any of the Loan Documents other than those Obligations, covenants, conditions or terms relating to payment, and such failure shall not be cured within thirty (30) days after notice thereof to the Borrower; provided, however, if (i) the Event of Default is of a nature that cannot, using due diligence, be cured within the notice and cure periods, if any, provided in such Loan Document and (ii) Borrower is diligently proceeding in good faith to cure such failure, then Borrower may be entitled to an extension of the cure period, not to exceed thirty (30) days, upon written request to Lender;

(c) Any statement, representation or warranty made by the Borrower in any Loan Document, Advance Request, certificate, report, financial statement, other instrument or document furnished to the Lender or otherwise made by the Borrower in connection with the Loan shall be false in any material respect as of the date when made;

(d) If any judgment (or judgments) is recovered against the Borrower or any of its Subsidiaries in an amount in excess of \$1,000,000.00 (unless covered by insurance), which judgment shall remain unstayed or unvacated for a period of ten (10) consecutive days, or that, in the opinion of the Lender, adversely and materially affects the credit standing or financial condition of the Borrower, unless the Borrower shall deposit with the Lender a bond or other security acceptable to the Lender to insure the payment of all Obligations or the said judgment;

(e) Loss, theft, damage or destruction of any material portion of the tangible Collateral as to which insurance proceeds are not remitted to the Lender within thirty (30) days of the loss or for which there is either no insurance coverage or for which, in the reasonable opinion of the Lender, there is insufficient insurance coverage:

(f) If (i) the Borrower shall make a general assignment for the benefit of creditors; (ii) the Borrower files a petition, answer or consent seeking relief, or a court of competent jurisdiction enters a decree or order for relief, under Title 11 of the United States Code as now constituted or as hereafter amended (the “**Bankruptcy Code**”) or under any other applicable Federal or state bankruptcy law or other similar law; (iii) a petition or proceeding for bankruptcy or for reorganization shall be filed against the Borrower and remains unstayed for 90 calendar days, or if the Borrower consents to the institution of proceedings thereunder or to the filing of any such petition; (iv) the Borrower consents to, or a court of competent jurisdiction enters a decree or order directing, the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Borrower, or any substantial part of its properties or of the Collateral; or (v) a court of competent jurisdiction decrees or orders the winding up or liquidation of the affairs of the Borrower;

(g) The attachment, seizure, execution or levy upon any asset of the Borrower in possession or control of the Lender, including, but not limited to, any account balance of the Borrower, or any asset or property pledged to the Lender as Collateral by the Borrower, in each case which could have a Material Adverse Effect.

(h) If the Borrower is in default under any mortgage or security agreement covering any material part of the Collateral, whether it be superior or junior in lien to the Security Agreement;

(i) If the Collateral, any material part thereof or any interest therein becomes subject to any mortgage, lien, security interest, encumbrance, attachment, levy, distraint or other judicial process of any kind, other than a Permitted Lien; provided, however, (i) if the Collateral becomes subject to any lien, Borrower shall be granted thirty (30) days from the filing thereof to discharge such lien by payment, bonding in an amount satisfactory to the Lender or otherwise, as approved by the Lender; and (ii) if there shall occur the entry of any judgment, issuance of any garnishment, attachment or distraint, the filing of any lien or of any government attachment against the Collateral, no Event of Default shall be deemed to occur hereunder until any such entry, issuance, attachment or filing shall have continued unstayed and in effect for a period of thirty (30) consecutive days;

(j) If a writ of execution or attachment or any similar process shall be issued or levied against all or any material part of or interest in any of the properties or assets of the Borrower or any judgment involving monetary damages shall be entered against the Borrower or which shall become a lien on the Borrower’s properties or assets or any portion thereof or interest therein and an appeal is not taken and actively prosecuted on such judgment within thirty (30) days of its entry, or such execution, attachment or similar process is not released, bonded, satisfied, vacated or stayed within thirty (30) days after its entry or levy;

(k) If the Borrower fails to cure promptly any violation of laws or ordinances affecting the Collateral, in each case which the failure to so cure could have a Material Adverse Effect.

(l) The termination or dissolution by the Borrower, or the cessation of doing business by the Borrower;

(m) If the Borrower or any Subsidiary is in default under any agreement to which Borrower and/or any Subsidiary is a party or by which it is bound resulting in a right by a third party or parties, whether or not exercised, to accelerate the maturity of any indebtedness in excess of \$1,000,000.00 or which could have a Material Adverse Effect.

(n) If, within thirty (30) days of the date of this Agreement, the Security Agreement and/or Account Pledge and Security Agreement shall not create or remain as a valid first lien on the Collateral securing the Obligations, satisfactory to the Lender;

(o) The loss of any governmental license or permit needed for the operation of the business of Borrower, which could have a Material Adverse Effect.

(p) If any taxes, assessments, or other governmental impositions are not paid when the same becomes due and payable, which could have a Material Adverse Effect.

(q) If any of the insurance policies required under the Loan Documents are not kept in full force and effect, or if any of such policies are not assigned and delivered to the Lender upon request, which could have a Material Adverse Effect.

(r) If any amendment to or termination of a financing statement naming Borrower as debtor and Lender as creditor, or any correction statement with respect thereto (each of the foregoing, being a “**UCC Modification**”), is filed in any jurisdiction by any party other than Lender or its counsel without the prior written consent of Lender.

(s) If there occurs any event which affects (i) the business or financial conditions of the Borrower; (ii) the ability of the Borrower to perform any of its Obligations; or (iii) the operations or value of the Collateral or the Lender’s security therein, in each case which could have a Material Adverse Effect.

Notwithstanding anything to the contrary contained herein, in the event that any of the circumstances contemplated by Section 12(a) through Section 12(s) occur, but are caused by, or arise as a result of (i) the Lender’s refusal to provide an additional Advance in violation of this Agreement, or (ii) action taken (or not taken), (A) unilaterally by Mr. Aquila, in his capacity as CEO of the Borrower, or (B) by Borrower at the written direction of Mr. Aquila in his capacity as CEO of the Borrower, unless such direction is given by Mr. Aquila in compliance with a directive of the Borrower’s Board of Directors as to which Mr. Aquila has expressed his opposition, either by a vote against such directive, or a written objection, then no Event of Default shall be deemed to have occurred hereunder, solely with respect to such action or inaction by Lender, Mr. Aquila or the Borrower.

13. REMEDIES UPON DEFAULT. If an Event of Default shall occur, the Lender, in its sole and exclusive discretion, may refuse to make any further Advances or other extensions of credit to Borrower and may terminate Lender’s commitment to make the Loan. Thereupon, the Lender, in its sole and exclusive discretion, may declare the Loan and all other Obligations immediately due and payable and may pursue such rights and remedies as are set forth in the Note, this Agreement, the Security Agreement or any of the Loan Documents, and may also:

(a) Without notice (such notice being expressly waived by the Borrower), set off and apply any and all deposits (general and special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Lender to or for the credit or the account of the Borrower and/ against any and all of the Obligations now or hereafter existing, whether or not the Lender or any other Secured Party shall have made any demand under this Agreement or the Note or any other Loan Document;

(b) Require the Borrower to assemble all Collateral and make the same available to the Lender at a designated reasonably convenient place, or to permit the Lender to enter upon the Oklahoma

Property to take actual or constructive possession of the Collateral and to conduct any public or private sale of the Collateral at such Oklahoma Property, all of which the Borrower hereby expressly authorize;

(c) Exercise and resort to any and all of the rights and remedies provided by the laws of the State of New York or any other jurisdiction in which any right or remedy of the Lender may be exercised, including but not limited to, all rights and remedies of a secured party upon default as set forth in the UCC; and

(d) Exercise and resort to any and all of the rights and remedies set forth in the Loan Documents or as set forth in any other agreement, instrument or document between the Borrower and the Lender.

14. TREATMENT OF CERTAIN PAYMENTS. If an Event of Default shall occur, all payments made by the Borrower to Lender after any or all of the Obligations under this Agreement have been accelerated (so long as such acceleration has not been rescinded), including proceeds of Collateral, shall be applied as follows:

first, towards any fees, indemnities or expense reimbursements then due hereunder to the Lender;

second, towards any interest and fees then due and payable hereunder and under the Note;

third, towards payment of principal of the Loan hereunder and under the Note;

fourth, towards payment of all other Obligations then due and payable; and

fifth, the balance, if any, after all Obligations have been paid in full, in cash, for the account of and paid to the Borrower or to whomsoever shall be lawfully entitled thereto.

In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category; (ii) the Lender or other Persons entitled to payment shall receive an amount equal to its *pro rata* share of amounts available to be applied.

16. NOTICES. All notices or other communications required or otherwise given pursuant to this Agreement shall be in writing and shall be (a) personally delivered, (b) delivered by overnight courier, (c) mailed by registered or certified mail, postage prepaid, with return receipt requested or (d) emailed, provided such email is followed by a hard copy sent by one of the methods set forth in (a) through (c) within three (3) business days of the date of the email, addressed as follows:

If to the Borrower:

Canoo Inc.
15520 Highway 114
Suite 2C
Justin, Texas 76247
Attention: Sean Yan, General Counsel
Email: [***]

With a copy to:

Paul Hastings LLP
200 Park Avenue

New York, NY 10166
Attention: John F. Storz, Esq.
Email: johnstorz@paulhastings.com

If to the Lender:

AFV Management Advisors, LLC
2126 Hamilton Road, Suite 260
Argyle, Texas 76226
Attention: Tony Aquila
Email: [***]

With a copy to:

Seyfarth Shaw LLP
620 Eighth Avenue
New York, New York 10018-1405
Attention: David Warburg
Email: DWarburg@seyfarth.com

Any notice or other communication given hereunder shall be deemed to have been given or delivered, if personally delivered or emailed (provided an accompanying hard copy is sent pursuant to the terms of this Section 16), upon delivery, if sent by overnight courier, on the first business day of the Lender after being sent, and if sent by mail, on the third business day of the Lender after mailing. Each party shall be entitled to rely on all communications which purport to be given on behalf of any other party hereto and purport to be signed by an authorized signatory of such party or the above indicated attorneys.

Any party may change the person or address to whom or which notices are to be given hereunder, by notice duly given hereunder; provided, however, that any such notice shall be deemed to have been given hereunder only when actually received by the party to which it is addressed.

Notwithstanding anything set forth in this Section 16 to the contrary, the failure of Lender to send a courtesy copy of any notice to Borrower's counsel shall not be deemed a breach hereof and Lender shall bear no liability for such failure and such failure shall not negate any notice sufficiently given to the Borrower as provided herein.

17. ASSIGNMENT. The Borrower may not assign any of its obligations hereunder or under any Loan Document to any person without the prior written consent of the Lender in its sole and absolute discretion. The Lender may, without notice to or consent of the Borrower, or any other person, sell, assign, grant a participation in or otherwise dispose of all or any portion of the Revolver Loans, this Agreement and the Loan Documents to an Affiliate of Lender; provided, however, from and after the Termination Date, or the occurrence and continuance of an Event of Default, Lender may, without notice to or consent of the Borrower, or any other person, sell, assign, grant a participation in or otherwise dispose of all or any portion of the Revolver Loans, this Agreement and the Loan Documents to any third party without restriction. In connection with any such sale, assignment, participation, or transfer, the Lender may disclose to a prospective purchaser, assignee, participant or transferee, any information possessed by the Lender relating to the Borrower, the Loan and the Collateral securing same.

18. WAIVERS; AMENDMENTS. Any term, covenant, agreement or condition of this Agreement or any other Loan Document may be amended or waived if such amendment or waiver is in

writing and is signed by Borrower and Lender. No failure or delay by Lender in exercising any right hereunder shall operate as a waiver thereof or of any other right nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right. A waiver or consent given hereunder shall be effective only if in writing and in the specific instance and for the specific purpose for which given.

19. NO THIRD PARTY RIGHTS. Nothing expressed in or to be implied from this Agreement or any other Loan Document is intended, or shall be construed, to give any Person any benefit or legal or equitable right, remedy or claim under or by virtue of this Agreement or any other Loan Document, other than (a) the parties hereto and thereto and their permitted successors and assigns, and (b) the Indemnified Parties and the other Secured Parties which are not party hereto but are intended third party beneficiaries of this Agreement.

20. PARTIAL INVALIDITY. If any one or more of the covenants, agreements, provisions or terms of this Agreement or any other Loan Document shall be for any reason whatsoever held invalid, the invalidity of any such covenant, agreement, provision or term of this Agreement or other Loan Document shall in no way affect the validity or enforceability of the other provisions of this Agreement and the other Loan Documents, and the provision held to be invalid shall be enforced to the fullest extent permitted by law; *provided, however*, that if the invalidity of any covenant, agreement or provision shall deprive any party of the economic benefit intended to be conferred by this Agreement or the other Loan Documents, the parties shall negotiate in good faith to develop a structure the economic effect of which is as nearly as possible the same as the economic effect of this Agreement.

21. GOVERNING LAW. This Agreement and each of the other Loan Documents shall be governed by and construed in accordance with the laws of the State of New York without reference to conflicts of law rules, except insofar as the laws of another jurisdiction may, by reason of mandatory provisions of law, govern the perfection, priority and enforcement of security interests in the Collateral.

22. JURISDICTION; WAIVERS. The Borrower hereby irrevocably and unconditionally:

(a) consents to the jurisdiction of the courts of the State of New York or any Federal court sitting therein in any actions, suits, or proceedings arising out of or in connection with this Agreement or any of the Loan Documents (although this covenant shall not preclude an action on this Agreement or any of the Loan Documents by the Lender in any other appropriate jurisdiction);

(b) waives any objection which the Borrower may now or hereafter have to the laying of venue of any of the aforesaid actions, suits, or proceedings arising out of or in connection with this Agreement or the Loan Documents brought in any of the aforesaid courts;

(c) waives the right to plead or claim that any such action, suit, or proceeding brought in any such court has been brought in an inconvenient forum; and

(d) waives the requirements of personal service in connection with any actions, suits, proceedings arising out of or in connection with this Agreement or any of the Loan Documents, and consents that all service of process may be made to the Borrower at the address of the Borrower set forth above in Section 16 of this Agreement.

23. CONSTRUCTION. Each of this Agreement and the other Loan Documents is the result of negotiations among, and has been reviewed by, Borrower, Lender and their respective counsel.

Accordingly, this Agreement and the other Loan Documents shall be deemed to be the product of all parties hereto, and no ambiguity shall be construed in favor of or against Borrower or Lender.

24. ENTIRE AGREEMENT. This Agreement and the other Loan Documents, taken together, constitute and contain the entire agreement of Borrower and Lender with respect to the subject matter hereby and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof.

25. MISCELLANEOUS.

(a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lender, the other Secured Parties and their respective heirs, personal representatives, successors and permitted assigns. Notwithstanding the foregoing, the Borrower, without the prior written consent of the Lender in each instance, may not assign, transfer or set over to another, in whole or in part, all or any part of its benefits, rights, duties and Obligations hereunder, including, but not limited to performance of and compliance with conditions hereof and any attempted assignment shall be null and void.

(b) THE BORROWER WAIVES TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF, THIS AGREEMENT OR THE NOTE OR ANY INSTRUMENT OR DOCUMENTS DELIVERED PURSUANT TO THIS AGREEMENT OR THE VALIDITY, PROTECTION, INTERPRETATION, COLLECTION OR ENFORCEMENT THEREOF.

(c) Each and every right granted to the Lender hereunder or under any other document delivered hereunder or in connection herewith, or allowed it by law or equity, shall be cumulative and may be exercised from time to time. No failure on the part of the Lender or the holder of the Note to exercise, and no delay in exercising, any right shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or future exercise thereof or the exercise of any other right.

(d) The Borrower shall, at the cost of the Borrower, and without expense to the Lender, do, execute, acknowledge and deliver all and every such further agreements, instruments, acts, mortgages, assignments, security agreements, transfers and assurances as the Lender shall, from time to time, reasonably require for the better assuring, granting, securing, conveying, assigning, transferring and confirming unto the Lender the property and rights given, granted, mortgaged, conveyed, confirmed, pledged, assigned and hypothecated to the Lender under this Credit Agreement and any other Loan Document or intended now or hereafter so to be, or which Borrower may be or may hereafter become bound to transfer, grant or assign to the Lender, or for carrying out the intention or facilitating the performance of the terms of this Credit Agreement and the other Loan Documents or for filing, registering or recording any Loan Document. The Borrower, on demand, shall execute and deliver and hereby authorizes the Lender to execute in the name of the Borrower one or more financing statements or other instruments to evidence more effectively the security interest of the Lender in the Collateral. The Borrower grants to the Lender an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to the Lender at law and in equity.

(e) The Borrower agrees to pay or reimburse the Lender for all its reasonable costs and expenses (including, without limitation, the reasonable fees and expenses of attorneys for the Lender) incurred in connection with: (i) the enforcement or preservation of any rights under this Credit Agreement or the Note or any other Loan Document or any other instrument or agreement entered into in connection with the Loan; (ii) any claim or action threatened, made or brought against the Lender arising out of or relating to any extent to this Agreement, the Note, the other Loan Documents or the Loan; (iii) the perfection

EXECUTION COPY

of any security interest in the Collateral or in the maintenance of the Collateral; (iv) any amendment or modification of any Loan Document; (v) the payment of any tax assessment, recording fee or similar charge; (vi) any waiver of any right of the Lender under any Loan Document; (vii) any appraisal fees; and (viii) the reasonable fees and disbursements of any counsel to the Lender incurred from time to time in connection with the transactions contemplated by this Credit Agreement.

26. COUNTERPARTS. This Credit Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts (and by electronic means, including .pdf), each of which when so executed and delivered shall be deemed an original and all of which when taken together shall constitute but one and the same instrument.

[Signatures to follow on next page]

EXECUTION COPY

IN WITNESS WHEREOF, the parties have executed this Credit Agreement as of the day and year first above written.

LENDER:

AFV Management Advisors, LLC, a Delaware limited liability company

By: /s/Lori McCutcheon
Name: Lori McCutcheon
Title: Vice President

BORROWER:

Canoo Inc., a Delaware corporation

By: /s/Kunal Bhalla
Name: Kunal Bhalla
Title: CFO

EXHIBIT A

SECURED GRID PROMISSORY NOTE

Principal Amount: Up to \$12,000,000.00

Issue Date: November __, 2024

For value received, **Canoo Inc.**, a Delaware corporation (the “**Maker**”) promises to pay to the order of **AFV Management Advisors, LLC**, a Delaware limited liability company (together with its successors and assigns who become holders of this Note, the “**Lender**”) the aggregate unpaid principal amount of all advances made hereunder from time to time, together with any and all interest accrued on the outstanding principal amount hereof, at the interest rate hereinafter specified. Payments shall be made in lawful money of the United States of America in immediately available funds. Upon request by Maker, Lender may make loans to Maker from time to time (each being an “**Advance**”) in accordance with the terms of the Revolving Credit Agreement of even date herewith (as amended, supplemented, or otherwise modified from time to time, the “**Credit Agreement**”) by and between Maker and the Lender up to the maximum principal amount of \$12,000,000.00. Advances shall be used by Maker for the purpose of financing Maker’s working capital, operating expenses and general business needs, or as otherwise permitted pursuant to the Credit Agreement. Capitalized term used but not defined herein shall have the meanings given such terms in the Credit Agreement.

1. Definitions. As used in this Note, the following terms shall have the following meanings:
 - (a) “**Business Day**” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close in New York, New York.
 - (b) “**Maturity Date**” means November 5, 2025.

2. Advances. Requests for Advances shall be given in accordance with the terms of the Credit Agreement. The date and amount of each Advance and each payment (if any) on account of principal thereof may be endorsed by Lender on the grid attached to and made a part of this Note, and when so endorsed shall represent evidence thereof binding upon Maker in the absence of manifest error. Any failure by Lender to so endorse shall in no way mitigate or discharge the obligation of Maker to repay any Advances actually made. Lender shall provide to Maker on request from time to time copies of the grid attached to this Note showing all endorsements thereto at the time of each such request. The unpaid principal balance of this Note at any time shall be the total amount of all Advances made by Lender to Maker, less the total amount of principal payments, if any, made hereon by Maker (the “**Unpaid Principal Amount**”).

3. Interest. The unpaid principal amount of each Advance outstanding from time to time shall bear interest at a rate equal to the Index, plus the Margin, as more particularly set forth in the Credit Agreement. Interest shall be computed on the basis of a three hundred sixty (360) day year and actual days elapsed. Interest shall accrue and be due and payable with the Unpaid Principal Amount on the Maturity Date (as defined below), subject to earlier payment pursuant to Section 5 below. In no event shall the interest charged or paid hereunder exceed the maximum amount permitted by applicable law.

4. Repayment.

- (a) Interest shall be payable monthly as more particularly set forth in the Credit Agreement. Subject to acceleration or prepayment as provided herein, the outstanding principal amount of this Note and remaining unpaid accrued interest shall be fully due and payable in cash on the Maturity Date.

314269184v.2

Signature Page to Grid Promissory Note

(b) Payments. All payments of principal and/or interest under this Note shall be made by wire transfer of immediately available funds to the account designated by the Lender in a written notice to the Maker, or in such other manner or to such other persons or entities as may be designated in a written notice to the Maker signed by the Lender.

5. Voluntary Prepayment. The Maker shall have the right at any time, to prepay this Note in whole or in part without penalty or premium.

6. Application of Payments. Payments on this Note shall be applied first to accrued interest and thereafter to the outstanding principal balance hereof.

7. Representations and Warranties. As of the date of this Note, the Maker represents and warrants to the Lender that:

(a) The Maker is a corporation and has all requisite corporate power and authority to enter into this Note and to perform its obligations hereunder.

(b) This Note constitutes the valid and legally binding obligations of the Maker, enforceable against the Maker in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally or (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

8. Events of Default and Remedies.

(a) Events of Default. For purposes of this Note, "Event of Default" shall mean any of the following events or occurrences:

(i) the failure by the Maker to pay any principal, interest or other amount owing under this Note when due under this Note which is not timely cured pursuant to subsection (ii) below;

(ii) a breach or default shall occur in the observance or performance by the Maker of any covenant or agreement contained in this Note, which default is not cured and continues for a period of thirty (30) days after the Maker receives written notice specifying the default from the Lender if such default is capable of being cured by the Maker;

(iii) any Event of Default under the Credit Agreement; or

(iv) the Maker shall (i) make a general assignment for the benefit of its creditors, (ii) admit in writing its inability generally to pay its debts as they become due (other than unsecured trade accounts payable in the ordinary course of business), (iii) file a voluntary case or petition in bankruptcy, (iv) file a petition or answer seeking for itself any arrangement or similar relief under any present or future applicable bankruptcy or similar law pertinent to such circumstances, (v) file any answer admitting or not contesting the material allegations of a bankruptcy, insolvency or similar petition filed against the

314269184v.2

Maker, (vi) seek or consent to, or acquiesce in, the appointment of any trustee or receiver of the Maker, (vii) suffer or permit to continue unstayed and in effect for sixty (60) consecutive days, the appointment, without the consent or acquiescence of the Maker, of any trustee or receiver thereof or of all or any substantial part of the assets and properties of the Maker without such appointment being vacated, or (viii) take any action to authorize any of the foregoing.

(b) Remedies.

(i) Action in Bankruptcy. If any Event of Default described in Section 8(a)(iv) shall occur, the outstanding principal amount of this Note, and all accrued and unpaid interest thereon, shall automatically become immediately due and payable, without notice, demand or presentment.

(ii) Action if Other Event of Default. If any Event of Default described in Sections 8(a)(i) through 8(a)(iii) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Lender may, by written notice to the Maker, declare all or any portion of the outstanding principal amount of this Note, and all accrued and unpaid interest thereon, immediately due and payable, without further notice, demand or presentment.

(iii) Other Rights and Remedies. In addition to the foregoing and subject to the limitations set forth herein, upon the occurrence of an Event of Default, the Lender shall be entitled to exercise such other rights and remedies available to the Lender at law or in equity.

9. Successors and Assigns. Subject to the restrictions on transfer described in the following sentence, the provisions of this Note shall inure to the benefit of and be binding on any successor to the parties. Neither this Note nor any of the rights, interests or obligations hereunder may be assigned, by operation of law or otherwise, in whole or in part, by either party without the prior written consent of the other party.

10. Waiver; Enforcement Costs. The Maker waives notice of dishonor, protest and notice of protest of this Note, and shall pay all reasonable costs of enforcement and collection when incurred by the Lender, including, without limitation, reasonable attorneys' fees, costs and other expenses.

11. Governing Law. This Note and any controversy arising out of or relating to this Note shall be governed by and construed in accordance with the internal laws of State of New York, without regard to conflict of law principles that would result in the application of any law other than the law of the State of New York.

12. Dispute Resolution. Any legal suit, action, or proceeding arising out of or relating to this Note or the transactions contemplated hereby shall be instituted in the federal courts of the United States of America or the courts of the State of New York in each case located in the City of New York and County of New York, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such legal suit, action, or proceeding. The parties agree not to commence any suit, action or other

proceeding arising out of or based upon this Note except in the above-named courts and hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Note or the subject matter hereof may not be enforced in or by such court.

13. WAIVER OF JURY TRIAL. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS NOTE OR THE SUBJECT MATTER HEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

14. Titles and Subtitles. The titles and subtitles used in this Note are used for convenience only and are not to be considered in construing or interpreting this Note.

15. Notices. All notices and other communications given or made pursuant to this Note shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or: (a) personal delivery to the party to be notified, (b) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (c) one (1) Business Day after the Business Day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All notices and other communications shall be sent to (i) the Maker at its address specified on the signature page hereto and (ii) the Lender at its address specified on the signature page hereto, or to such address as subsequently modified by written notice given in accordance with this Section 15.

16. Amendments and Waivers. Any term of this Note may be amended, modified or waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Maker and the Lender.

17. Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Note, upon any breach or default of any other party to this Note, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default previously or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Note, or any waiver on the part of

any party of any provisions or conditions of this Note, must be in writing and shall be effective only to the extent specifically set forth in such writing.

18. Remedies Cumulative. All remedies, either under this Note or by law or otherwise afforded to the Lender, shall be cumulative and not alternative.

19. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

20. Entire Agreement. This Note constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof and thereof, and any other written or oral agreement relating to the subject matter hereof or thereof existing between the parties is expressly canceled.

21. Usury. In the event any interest is paid on this Note which is deemed to be in excess of the then legal maximum rate, then that portion of the interest payment representing an amount in excess of the then legal maximum rate shall be deemed a payment of principal and applied against the principal of this Note.

22. Use of Proceeds. Maker shall use the proceeds of this Note for working capital or other mutually agreed-upon purposes.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Maker has issued this Note as of the Issue Date written above.

MAKER:

Canoo Inc., a Delaware corporation

By: _____

Name:

Title:

Revolving Credit Agreement

314257220v.10

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kunal Bhalla, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Canoo Inc., a Delaware corporation (the “registrant”);
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(s) 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)) for the registrant 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(s) 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 14, 2024

By:

/s/ Kunal Bhalla
Kunal Bhalla

Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Canoo Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2024

By:

/s/ Tony Aquila

Tony Aquila

Chief Executive Officer and Executive Chair of the Board
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Canoo Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November, 14 2024

By:

/s/ Kunal Bhalla

Kunal Bhalla

Chief Financial Officer
(Principal Financial Officer)