

# **Fisker Inc. NYSE:FSR**

# **Shareholder/Analyst Call**

**Tuesday, June 08, 2021 4:00 PM GMT**

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# Call Participants

## EXECUTIVES

### **Daniel V. Galves**

*Vice President of Investor  
Relations*

### **Geeta Gupta-Fisker**

*Co-Founder, CFO, COO & Director*

### **Henrik Fisker**

*Co-Founder, President, Chairman  
& CEO*

### **Scott Hodgdon**

## SHAREHOLDERS

### **Unknown Shareholder**

# Presentation

## **Henrik Fisker**

*Co-Founder, President, Chairman & CEO*

Good morning, everyone. I am Henrik Fisker, CEO and Chairman of the Board of Directors of Fisker Inc. Welcome to our 2021 Annual Meeting of Stockholders, which I will now call to order. I'm really excited about today. We have a lot of interesting things to talk about. But first, I would like to introduce the other members of Fisker's Board of Directors: Dr. Geeta Gupta-Fisker, CFO and COO of Fisker; Wendy J. Greuel; Mark E. Hickson; William R. "Bill" McDermott; Roderick K. "Rod" Randall; Nadine I. Watt; and Mitch Zuklie. Also present are representatives from PricewaterhouseCoopers LLP, our independent public accounting firm. Christel Pauli of American Election Services will act as the inspector of elections of this meeting and has executed an oath of the inspector of elections.

Let's go to -- start with the formalities of the meeting. I will now turn it over to Scott Hodgdon, our VP, Securities and Governance and Corporate Secretary, who is acting as Secretary for the meeting. Scott?

## **Scott Hodgdon**

Thank you, Henrik. The rules of procedure are posted on the virtual annual meeting website. Please review them. In order to conduct an orderly meeting and give all eligible stockholders and proxy holders an opportunity to participate, we ask that you adhere to these rules at all times. An opportunity will be provided to present questions during the question-and-answer session of the annual meeting. However, please note that you may submit questions at any time during this virtual annual meeting in the space provided on the virtual annual meeting screen. Please follow the instructions provided on the virtual annual meeting screen to submit questions. We intend to make every effort to answer all questions. However, if multiple questions are submitted on the same topic, we will summarize and respond collectively.

The Board fixed April 12, 2021, as the record date for determining stockholders entitled to notice of and to vote at this meeting. An affidavit has been given to the inspector of elections, attesting to the fact that the notice of meeting, the proxy statement and the company's 2021 annual report to stockholders were mailed to all stockholders of record beginning April 26, 2021.

As of the close of business on April 12, 2021, Fisker had outstanding and entitled to vote 162,053,159 shares of Class A common stock, each of which is entitled to 1 vote and 132,354,128 shares of Class B common stock, each of which is entitled to 10 votes. Based on the tabulation of proxies already received from stockholders and to the best of our knowledge, there are present at this meeting a quorum for the transaction of business. The final report of the inspector elections will include the votes, if any, of stockholders present and voting at the meeting.

It is now 8:04 a.m. Pacific Time, and the polls are open for voting. Any stockholder desiring to vote should do so at this time through the Internet using the virtual annual meeting website.

We have 2 proposals from the company that stockholders are being asked to approve: first, to elect 3 Class I nominees to our Board of Directors; and second, to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2021.

Detailed information concerning these proposals is in the proxy statement sent or made available to Fisker stockholders.

[Voting]

## **Scott Hodgdon**

We will now have a brief question-and-answer period related only to these proposals. [Operator Instructions] We'll pause briefly while we wait for any questions.

Okay. I don't see any questions relating to the proposals. The time allotted for Q&A on the proposals has expired.

Is there anyone else who wishes to vote at the virtual meeting and has not yet submitted their vote? All votes should be submitted through the Internet using the virtual meeting website at this time because votes cannot be accepted after the polls are closed, which will happen momentarily. We'll pause briefly for a last chance to vote.

[Voting]

**Scott Hodgdon**

Thank you. All votes being submitted, it is now 8:07 a.m. Pacific Time, and the polls are now closed.

Based on information we have received from the inspector of elections, I will now announce the preliminary voting results for the meeting, which remains subject to the inspector of election's final report. Each of the 3 nominees for the Board of Directors has been elected and PricewaterhouseCoopers LLP has been ratified as Fisker's independent registered public accounting firm for the year ending December 31, 2021.

Final results of the vote will be recorded as stated in the minutes of this meeting and also filed with the Securities and Exchange Commission on a Form 8-K within 4 business days of this meeting.

This concludes the formal business of the stockholder meeting. The 2021 annual meeting is now adjourned, and I will turn it back to Henrik Fisker for additional information and Q&A.

**Henrik Fisker**

*Co-Founder, President, Chairman & CEO*

Thank you, Scott. And thanks to all our shareholders and other members of the public that are joining for Fisker's first annual meeting today. And we do have a lot of shareholders -- just so everybody is aware, as of 2021, voting record date, there was 266,000 individual owners of our stock, which I actually think is fantastic because it shows the potential we might have in growing our reservations. If every shareholder makes a reservation of the Fisker Ocean, we would do extremely well and you yourself would do extremely well.

So I can only suggest that you go to our website, fiskerinc.com and actually make a reservation, which is \$250 for a cool Fisker Ocean. Again, 266,000 individual owners, very cool.

Our corporate vision is a cleaner future for all, and one of our brand pillars is designed by people, for people. So this is not about just making a toaster on wheel, wheels by a computer, but we really have people here which are engaged and excited. I'm personally involved in every single design that we make, and I think that's going to be one of the main differentiators of Fisker.

So it's great to also have so many people show confidence in our company and our products. And our business plan, where we are confident, will create tremendous value, both financial as well as environmental and social value. So most of the remarks will be around our moonshot goal to create a climate-neutral product by 2027. We just announced this yesterday, and this is something that I want to talk a little bit about here in our first annual meeting, but before we dive into the details of that and a few other exciting things, I just want to sort of recapture what we have been doing the last 12 months.

In July, we announced a business strategy, and we are confident this is the right strategy, and we have stuck to this strategy. And in fact, I would say we have made a lot of progress and hard work across the entire organization. And I just want to go through a few of these to remind everybody where we are. So on funding, we said we would raise \$1 billion to fund the Ocean program to start our production, and we accomplished that last year in October. In terms of partners, we've always said it was important for us to get international, global partners to ensure high-quality products from Fisker delivered on time. And we've already talked a lot about our Magna partnership, which is going extremely well. We are working with Magna every day and have done a huge amount of progress, and we are still on target and on time to deliver the first Fisker Oceans in November next year. So SOP is on time.

We have also added a second major partnership with Foxconn, which we have also announced. And these 2 partnerships are huge positive to get us to our goal of 4 vehicles on the market by 2025, and that's not something, I think, could actually be achieved by some small startup that didn't have these international partners.

Thirdly, in terms of people and recruiting, it's not easy, but we have actually successfully grown the company. We're well over 200 people today, and those are handpicked, I would say some of the best people picked from all over the world. They're hand selected from software, video gaming, fintech, edge computing, logistics and from all over the automotive industry.

Then finally, we have sourcing and BOM cost. We needed to source building materials for the Ocean that was in line with the cost structure that we laid out last year in July. And we are very pleased with our success. Today, majority of the vehicle is sourced. And as of now, we are on track, as I mentioned earlier, in terms of launch timing and also the cost structure of our vehicle. And we appreciate the positive reception we have got from hundreds of suppliers, which by the way, is not an easy task for a start-up.

And I think our business plan with our valuable partner, Magna, is part of why -- and also Foxconn for that matter, which is why a lot of suppliers are willing to work with us and committed to give us the right price and the latest technology. And I know from my past experience, if you don't have those partners, it can be very, very hard to secure the world's best suppliers. But we have actually been innovative with offers beyond my expectations when we go out and source components.

Many times, we have 2 or 3 options to be able to select the best price or the best technology. And it really shows me that suppliers want to work with Fisker because we are the future. We are coming off with exciting future products that suppliers want to be part of. This is going to be the next generations of vehicles and technology.

So coming to technology, we needed to develop and source technology to support the attributes that we have planned for the Ocean and, of course, future products, and we have actually done better than what we announced. When we first showed our Fisker Ocean last year at the Consumer Electronics Show in Las Vegas, we were -- we actually predicted, for example, a range of up to 300 miles. By working closely with some of the best partners in the world, we have been able to overachieve on that point. We're now going to have our top vehicle have way beyond 300-mile range. In fact, it's going to be somewhere around 350-mile range, which will put us in the lead in our segment. So I'm not talking about making \$100,000, \$150,000 vehicle that can give you a 400-mile range. That can, of course, be done. I'm talking about a vehicle that's being sold between \$37,500 to \$69,000 and in that price range, I think we will be the clear leader when it comes to range.

Another area where I think we're going to be a clear leader is in our new advanced displays. And, of course, our partnership with Foxconn, Foxconn being one of the biggest technology manufacturers in the world, we have got access to what I think is just going to be the most mind-blowing, cool screen you've ever seen in an automobile when we come out with it next year. It's just amazing, and we're going to give a little sneak peek of that, of course, in November when we show our production vehicle in -- at the LA Auto Show. And not only has this screen have an amazing resolution, it's going to have an amazing user interface and it will actually have a very, very unique feature that no production vehicle on the planet has today. And I don't expect any will have it by the time we come out with it neither. So we'll give, of course, a clear overview of that at the LA Auto Show in November.

Now also more advanced domain controllers to manage software and data in the vehicle and a more advanced ADAS package. We are going through and creating some very unique features in our ADAS package. And as you might have seen and I showed on Twitter a few days ago, we are using a new type of digital imaging radar, which I believe are going to be the first -- at least one of the first to use. And that gives us the advantages that we can create some very unique Fisker features that we think is going to enhance the ownership experience of our vehicle and it's going to set it apart.

And this is not just a matter of trying to make a vehicle without a steering wheel. That's all great, and we might see that in 10 years from now, but I think it's about 3 buckets. It's about safety. That's one area where ADAS is helping. The second bucket I look at is entertainment, what can you do to entertain people

in vehicle while using ADAS as a security function. And the third part, well, we will have some real cool features. It is what I call sort of the annoyance of driving. How can I take some of these annoying things out that we all experience when we are driving? And we'll be talking more about that again when we reach the LA Auto Show, probably also next year when we show some more of this new technology.

And then finally, reservations. We have seen a steady growth in reservations at Fisker every single day. We get reservations from all over the world. We do take a \$250 deposit and 10% is nonrefundable. So that means we do keep \$25 if there's a cancellation because we are serious about this, and it does cost us an administration effort to take these reservations. But one of the reasons we did the \$250, not just \$100 fully refundable, I kind of feel like any teenager can put down \$100 if they know they're going to get a refund 3 days later. And that's not really the type of reservation holder we want. We want serious reservation holders, which is why we opted on the pricing for this reservation and took that administration fee.

And then another important point is we have a dedicated sales force that targets this business-to-business, specifically in Europe, where we see a huge potential, and we have already disclosed 3 large orders in Europe across different countries where we have several hundred orders of vehicles. And of course, we signed MOUs with these companies. I personally think and see there's a huge growth opportunity. Our team over there in Europe are targeting the 100 largest companies that have vowed to ESG and have already announced that they want to move their fleets from gasoline and hybrid into full electrics. And of course, having a vehicle that we believe is going to be the world's most sustainable vehicle is going to fit even better into some of these large groups in terms of the fleet they order. So I see -- I really have big expectations for that.

Now let's turn to an important pillar of our brand. We aim to produce the world's most sustainable vehicles. This is easy to say, but it's much harder to actually do. And I want to make a very important point here. Probably every car company in the world and many startups can make an electric car. So it's not really a novelty anymore just to make another electric car. The question is, can you make a desirable electrical car and an electric car that people really want to buy? Because it's not a novelty anymore. That's going to be tons of competitors out there. So at the end of the day, people are going to turn around, and they're going to look at a vehicle that appeals to them, appeals from the design, appeals from the functionality, appeals from the pricing.

And then on top of that, I think coming out of COVID, people is going to want to buy a car from a company that they can identify themselves with, that follows in the same sort of vision and goals that they believe in. And I think sustainability is going to be a big part of our future world, a clean world for in everyone. I think the environment, the environmental concerns, how we take care of our planet, is going to become more and more important, specifically when we look at something like the automobile. We have a lot to do in the automotive business. And Fisker, we started on a white sheet of paper. We have no legacy, we didn't start by making some gasoline vehicles, and now we have to turn around. We also didn't start with a vision of just making an electric vehicle. We started with a clear vision of making the world's most sustainable vehicles. And that's in our blood, it's in our DNA, it's such a strong brand pillar that, I think, this will be a huge selling point for us in the future.

So climate-neutral goes way beyond 0 tailpipe emissions. Ability to source a portion of the vehicle's [ range ] through, for instance, solar roof. I just sat in a meeting yesterday, where we are applying one of the most advanced solar roof ever put on an automobile production car. It's going to be amazing. And I think as we move further and further with this technology, it's going to actually start giving us some serious extra range. We, of course, are working right now about announcing what exactly range you're going to get out of this. And of course, it depends where you're living, but let's not forget, it is free energy and is the cleanest energy you can have.

And of course, also, we are using a range of recycled material within the car. And we have already talked a lot about that, so I won't go through all of it here. But we are working very close with suppliers on that, also innovating in a lot of areas, it hasn't been done before. But of course, a fully climate-neutral vehicle means that the net effect of the entire life cycle of the vehicle is 0 greenhouse gases. And that's going to take some time to do. And that's why we set the goal 2027. So of course, our first vehicles aren't going to

be 100% there, but it's underway. But I believe we might be the first automaker in the world to achieve this goal.

So we split the life cycle of the vehicle into 5 phases: upstream sourcing; manufacturing; logistics; the use phase, in other words, how is the vehicle being charged, where do the energy come from; and then finally, end-of-life recycling. And we actually, at Fisker have, I would say, a clear advantage in end-of-life recycling, something that I will talk a little bit about in a second.

But first, after a deep study of all 5 phases, we announced yesterday that we aim to produce 100% climate-neutral vehicle by 2027. And Fisker will not purchase carbon offset to accomplish this. That's very important. We published the web page yesterday as well, that goes through our plan. You can look at our website. Each life cycle phase has its own high-level targets for solutions, so let's touch on each of these quickly.

Upstream sourcing. Over the time, we'll minimize our bill of materials, we'll localize suppliers and supplier sources, we'll source recycled materials and remanufactured components, we'll work with suppliers to develop environmentally innovative products. In fact, we're already doing that. And then we are going to assign a financial value to climate neutrality that is used in the sourcing process.

Coming to manufacturing. In this case, we have a clear line of sight as our manufacturer partners have climate-neutral goals of their own. So to give you an example, most people might not know that the Fisker Ocean will actually be built in a climate-neutral factory starting next year in Magna. So they are having a climate-neutral factory already next year.

So when you buy the Fisker Ocean, it's being built in a climate-neutral factory. How many people can say that? And this means each Magna facility will run on 100% renewable energy and produce 0 on-site ESG emissions.

Logistics. The process of moving our vehicles and components from the production site to customers, hence, is actually very challenging, given a lack of climate-neutral options for shipping to date. So to accomplish this difficult goal by 2027, we intend to increase localized manufacturing to the regions where we sell most Fiskers -- Fisker vehicles, and we also want to maximize rail and electric power transport, which started to become increasingly common and then seek out logistics partners that have climate-neutral goals of their own. But I also want to mention that because of our flexible lease, that we're going to start increasing over the years, we actually -- and I expect that we are going to be able to actually deliver vehicles to you at home, driven to your home as a lease vehicle. And that is a huge deal because today, vehicles are shipped on trucks. And these large trailer trucks today, they all run on diesel, unfortunately. Hopefully, it will change to electric. But being able to actually just drive a vehicle home and deliver to you at home means that you're sort of delivering in 0 emissions.

Okay, now comes the use phase. So the use phase, of course, emissions will depend on the source of electricity that's used to charge your vehicle. Unfortunately, we can't control the grid. We are not in charge of where people get the electricity from, but we fully intend to seek partnerships with renewable energy producers to incentivize climate-neutral home fueling. And with respect to public charging, many networks' operators are planning networks 100% fueled from renewable energy over time, and we will prioritize partnerships and relationships with these networks. In fact, we'll use technology in the car that can guide you, the customer, the driver to the 100% renewable charging stations. And we'll work, of course, with the charging providers to help us locate them and show them on our screen.

And importantly, our data pipeline from our car to cloud can track how our vehicles are being charged and the location, and we intend to report out on this high level annually. And we also want to give our customers the ability to even collect themselves that information in the car and potentially even rate themselves. We might create a fun rating system where we would make a bit of a competition to see who actually are able to drive fully 100% on renewable energy.

And now comes to the end-of-life recycling. So despite of this being a fairly long-term issue given the long life cycle of vehicles, it's a problem that we are already exploring. We'll seek recycling partners that are



local to the regions where the vehicles are sold, we'll use a process that minimizes combustion, energy intensity and are fueled by renewable sources.

Now again, I want to mention that where we have a very, very unique stand in the entire automotive world is that at Fisker, we have developed our very unique flexible lease program. And what that means is we're not anymore looking at you, the customer, having to sign up for a 3-year lease. We have our lease that you can lease our vehicle and you can give it back anytime. But when you give this vehicle back with us after 6 months, or 3 years, or 5 years, or whatever it is, we take the vehicle, we maintain it, and we send it back out. That is sustainability. Over potentially a 12- to 15-year timeline or the lifetime of this vehicle, we will keep sending it out and lease it out. So that really means that we recycle the same vehicle. We update the vehicle with over-the-air updates, we can even update it with hardware because we are taking care of it, we are maintaining it.

And of course, now comes to this really interesting point. That after these, let's say, 15 years, we now can take this vehicle that we have serviced. We know where all the parts are that's been exchanged that could be recycled. We can now take this vehicle, and we can recycle it.

So Fisker, we can recycle it. So we are in charge of the entire life cycle of that vehicle. Nobody's ever done that before. So on the sustainability aspect, that is like the highest efficiency you can imagine. But I want to highlight another thing that very few analysts or people have talked about. Imagine in 15 years, how many millions of vehicles Fisker will have in its fleet of lease vehicles that constantly makes money for us, that has been paid off many, many years ago, they have been paid off. They're now just making money for Fisker. So we're not just going to make money on a yearly sale like automakers normally do, they make a car, they sell the car, and then they never see this car again on their books. It might get sold 10 times over a 15-year period, but all these profit margins go to some other people.

We, on the other hand, will lease that vehicle over a 15-year period. And every year, we keep adding to this fleet. So every year, we'll see an increasing revenue, but we will also see a dramatic raise in the profit margin because after 5 years or even earlier, 4 years, these vehicles are fully paid off. They are now just money making machines for Fisker. And because we make the vehicles, they're also much, much cheaper for us to maintain because we don't have to pay dealer margins on all the components that we might exchange during this lifetime of these vehicles. So business-wise, this is probably one of the best business models that I have ever seen in the automotive business. So we are really excited about that.

Okay. And while we consider climate-neutral products the most critical ESG-related goal for Fisker, it is far from the only thing we're doing. We have also made progress in many other areas over the last 6 months, and I just want to highlight some of that. We need to measure and report on a variety of ESG metrics. So we have chosen the SASB framework to do this. We need to identify where Fisker have an impact and hold ourselves accountable. We held department level workshops throughout 2021 and there's 2 things that we determined: what specific United Nations Sustainability Development Goals can Fisker have a material impact on. So we are looking at using these United Nations Sustainability goals and figure out how can we really have an impact; and then what specific deliverables will each department target to help achieve these goals. And this process has resulted in assignment of 71 specific deliverables across 15 departments within Fisker. And accomplishing those in 2021 is part of each employee's goal to achieve annual bonuses. So we're really serious about this and driving this really hard forward within Fisker.

And we also need to hold our supply chain accountable. We have implemented and published a responsible supplier policy that is an important criteria in our sourcing process. We are a diverse organization. This starts from leadership. The majority of our Board of Directors is female and person of color. And goals for diversity, equality and inclusion are being developed and implemented across the organization. That's something that you can only do that by building an open, clear culture from the beginning, and that's a very, very, I would say, it's at my heart. It's something that we practice all the way from the top. And there is no exemption in this. I'm really clear about it. I'm driving this forward really hard.

And finally, we intend to be transparent on our reporting of ESG metrics. We will continuously update our goals and objectives on our ESG web page and we intend to publish a corporate ESG report annually starting at least by Q2 of 2022. So I want to add here in the end, again, that at Fisker is, at our heart,

ESG sustainability. And I believe that brand pillar is something that's going to ultimately set us apart together with the fact that I think we will have some of the coolest designed EVs in the world. And the end of the day, as I said earlier, yes, everybody can make an EV, but can you make an EV that's desirable, priced correctly, and goes way beyond just being electric by also being the world's most sustainable vehicle. I think this is the future. And I'm happy to see that we have 266,000 people who's invested individually into Fisker Inc, I'm really proud of that. I try to engage as much with you as I can on social media. But today, they've also decided to try and answer as many questions as we can in the remaining time.

# Question and Answer

## **Daniel V. Galves**

*Vice President of Investor Relations*

Henrik, this is Dan Galves, Head of Investor Relations.

I welcome again to all the listeners. We'll now conduct a Q&A session. We'll answer questions that were submitted from verified shareholders for the, say, technology's Q&A platform that's been live for the last couple of weeks as well as questions submitted online during this meeting.

Most of the questions I'll read, but given the strong interest from retail investors, we thought it would be fun to have the person who submitted the most popular question come online -- come on live to ask that.

Kelly Anne, can you please open up Muath's line, please, for him to ask a question?

## **Operator**

Mr. Muath, your line is open.

## **Unknown Shareholder**

Henrik, it's great to be here and ask a question. So my question is, Dan Ives recently commented on a possible partnership with Apple and Foxconn. You talked in the last quarterly meeting about profit sharing. Is that the reason why you're holding back details of that?

## **Henrik Fisker**

*Co-Founder, President, Chairman & CEO*

Yes. Thanks for your question, Muath. No, first of all, I didn't see that specific comment. And I do want to make it clear that we are working with Foxconn. We are not working with Apple. We have not any discussions with Apple. So I just want to make that crystal clear.

In terms of our partnerships generally, whether it's with Magna or with Foxconn, obviously, for competitive reasons, we don't want to go into the details of how our financial agreements look because we may have negotiated something that's really attractive for us that may not be offered to other competitors. I think part of the deals we have been able to strike specifically with Foxconn is because we are seen as a global brand with a design heritage that has the potential to make the type of disruption that, of course, Apple made with iPhone. And to make a disruption like that, you have to go beyond technology. You have to create an extremely desirable product. I mean if the Apple iPhone would look like a brick and been as big as a brick, it probably wouldn't have been that successful.

So for -- when you look back in history and look at truly disruptive products, it has been products that has worked, in my view, in sort of 3 dimensions. They have had the latest technology, but that technology has been integrated perfectly into a very beautiful and desired product. And then finally, it has been priced correctly in the segment that it went into. And that is exactly what we are doing with our Fisker Ocean, but it's also what we have planned to do with the Project PEAR, which is on a different level, a different price segment.

So I think we might be the first car company in the world to create a super disruptive, super innovative class-defying electric vehicle priced under \$30,000. And this vehicle will still be a premium vehicle. It won't be a little tin box, it will hold 5 people, it will be sexy, it will have features you have never seen before, and the deal we have with Foxconn, of course, we want to engage them into this enormous effort. And it also means producing this vehicle globally, it means getting at least 250,000 vehicles on the market as quick as we can. So of course, we have a unique business deal where we have some profit sharing with Foxconn to make sure that they're as excited about this project as we are. Dan, any more questions?

## **Daniel V. Galves**

*Vice President of Investor Relations*

Yes. Thanks, Muath, for asking that question. Next one, Henrik, you've talked on multiple occasions that you'll have 4 vehicles by 2025. Can you please share any more details about what segments you're targeting or when you plan on showing the third and fourth prototypes? Also what platform will they use?

**Henrik Fisker**

*Co-Founder, President, Chairman & CEO*

Yes. So we, of course, have announced the Fisker Ocean, which sits on a jointly developed FM29 platform. In fact, I saw this morning an article on Automotive News that talked about skateboards, it has become a bit of a fantasy. And I kind of agree with that because at the end of the day, to develop a production vehicle that's globally certified, you can't just dump a buddy on a skateboard. It doesn't work that way. You have very complicated crash structures, you have integrated wiring harnesses, you have integrated technologies that are way beyond the level of the floor plan. So this is very complicated. So together with Magna, we have created a very unique platform that we call the FM29 platform that is globally certified, super advanced, it's actually an all-aluminum floor plan. So it's light, it's advanced. So that platform, we, of course, want to take advantage of.

So we have a second vehicle that's going to be based on this platform called the UFO. And I won't say anything more about that because it's really cool. I think it's going to redefine what a luxury vehicle of the future is, and it's going to sit on top, price-wise, of the Fisker Ocean. Then we have announced another vehicle which is the PEAR Program, (sic) [ Project PEAR ] which I just talked about. So I won't go back into that, but that is going to, I think, really revolutionize mass mobility and probably have the chance of being one of the most sold vehicles in the world, I think, and it's really because it's going to go across social borders. I think anybody, whether you're a normal person, rich person, whatever your job is, wherever you live, you're going to want this vehicle, I guarantee it. It's that exciting. And I think that's going to be groundbreaking.

So that's one of the 4 vehicles. And then the fourth vehicle -- we're sort of between a couple of vehicles here. We have shown a show car in the past called the Emotion. That would be an incredible exciting vehicle to put out. We have, of course, also dabbled a bit in some other type of lifestyle potential pickup truck. Now either of these ideas have to sit on a different platform, most likely, than what we are working on right now. We are in some early discussions about vehicles in that direction. We haven't taken a final, final decision yet, but we might announce something a little later this year. Let's see.

But one thing I'm very sure about is that we will have 4 vehicles before 2025. And just to remind everybody, when we achieve that, that would be done in a timeline that's faster than any other start-up have ever done it, including one of the most successful right now. Thank you, Dan.

**Daniel V. Galves**

*Vice President of Investor Relations*

Great. Great. Thanks, Henrik. We got a couple of questions on the marketing plan. I'll read one of them. What are your plans for advertising? Please explain your marketing rollout and how many reservations you plan to get during a campaign?

**Henrik Fisker**

*Co-Founder, President, Chairman & CEO*

Yes. So of course, as a start-up, going public last year, we had to show our first vehicle, the Fisker Ocean. I would say if we could have raised the money without showing the vehicle, we probably would have done that because it's not really normal to show a vehicle 2.5 year before you actually are putting it on the road. So a lot of people, I see on my Twitter, is like, "Hey, why can you just put out next year?" Well, we're still going through a lot of testing, quality control, sourcing components, whatever it might be. So it takes time to create a vehicle.

From a marketing standpoint, it's rare, I think, and I think every individual here can think about themselves. I mean, when was the last time you went and put \$250 down on a vehicle you weren't going to receive for 2 years? You might never have done that. So we didn't want to blow our marketing budget too early. We didn't want to fire all our bullets early on. So therefore, we have sort of been very restrained

about doing -- spending any money on marketing at this point in time. When we're really going to start spending money on marketing and really sort of hitting the ground running is going to be in November.

In November, we are planning to show our Fisker Ocean vehicle at the LA Auto Show. We will have several vehicles there, production, vehicles. And that's really the time when we're going to announce some of the incredible stats, features, performance, et cetera, of this vehicle, that I think is going to be in many areas, class leading. And I think that's when people realize this is for real, and I can actually get this vehicle. And now it's only maybe about a year or a little more than a year away. Probably at that time when people order, it's going to be more than a year, unfortunately, because we are sold out well into 2023.

And so -- but we really want to start our marketing efforts in November, and we have planned quite a lot of really innovative marketing. We are going through the detailed planning with our 2 VPs of marketing, one here in North America and one in Europe. And believe me, we're going to do some exciting stuff. I don't think I want to reveal too much on it yet, but I plan -- we really plan to get the brand out there globally.

My goal is that we will have, by end of this year, 25,000 reservations. My goal is by end of next year, and I've set that goal to our 2 VPs, that we have at least 50,000 reservations. That means we should be sold out for the year 2023. So that's the goal we have set ourselves.

**Daniel V. Galves**

*Vice President of Investor Relations*

Cool. Let's move to powertrain and range. We got a few questions there. One is can you share battery pack design and battery cooling technology used inside the Ocean, and what are the battery options for Ocean? Second question was as EV carmakers are in the race for the extended battery, will Fisker have the ability to increase range as production begins?

**Henrik Fisker**

*Co-Founder, President, Chairman & CEO*

Well, we have already increased a range. So like I mentioned earlier, our top version we estimated last year will have 300 miles. Now we are getting much closer to 350 miles. We will also have one of the most energy dense battery packs in the market. It's -- that's a very important feature for us. There will also be continuous updates to our vehicle, operational capabilities over time with over-the-air support for the provision of new features and you can be sure that we'll be making available to all our customers the best possible energy capacity from the packs that they purchase.

So we may be able to increase as we move forward. That has all to do with how you're able to improve on the safety as it create a more and more energy dense pack. But I would say when we launch our vehicle next year, I know a lot of people are saying, "Hey, you're late to the market. You're late," but the truth is that those who may come out with a vehicle this year actually are running on what I would call old technology. We were able to choose our battery technology this year. So if you're launching a vehicle this year, you chose your battery technology 3 or 4 years ago.

So when you buy a Fisker next year on '23, you will have, not only the latest state-of-the-art battery cell, but the latest state-of-the-art battery pack technology, which means very energy dense packed cells. And that's how we can achieve, I think, class-leading range in our segment. And that, by the way, also comes down to cost per kilowatt hour. Well, I think we're going to be fully competitive. Even with some of the world's largest OEMs, we are well aware what the OEMs globally are paying per kilowatt hour right now. And I'm pretty confident that we are lying right up there on top in terms of paying the lowest cost because we have chosen our technology so late, we have worked very close with our battery cell supplier on this. And as we have mentioned earlier, we are also considering in the future some local assembly of battery packs.

We may not do it right in the beginning just because of timing, but it's something we're considering later. In terms of who's our supplier and more details on it, as I mentioned earlier, we'll be announcing that closer to November. Because we do want to kind of keep this a little bit of a competitive edge. We think we have something really unique here, and I don't want to go out necessarily and tell all our competitors

about it. So I think it'll be closer to November, maybe a little bit earlier when we announce more details on our battery pack supplier, et cetera.

**Daniel V. Galves**

*Vice President of Investor Relations*

Great. We've been asked about semiconductor constraints a lot. We addressed it some on the earnings call, but here's another question. With the semiconductor constraints on supply chain, manufacturing, will vehicles -- will Ocean still launch in 2022? Or will it be 2023 or later?

**Henrik Fisker**

*Co-Founder, President, Chairman & CEO*

No, no. It will -- as I mentioned several times, we will still launch the Ocean next year on 17th of November. We have such a clear process. We've got a stellar engineering team. We've got a fantastic relationship with Magna. We are on time and we don't see any risk of delayed start of production because of supply chain shortages. We have sourced Ocean with full knowledge of the chip situation, particularly what type of chips are constrained. We are benefiting from our development timeline, which is shorter than others. If we were a normal auto maker, we would have had to secure chips a year ago and low ability to make adjustments as the situation have developed.

We always planned a modern electrical architecture, making strong use of centralized processes like multi-domain controllers, and these type of chips are not in shortage. And for other chips in the vehicle, we made use of our own purchasing organization and contracts -- contacts of our partners. I mean, think about it, one of our partners is -- I mean, one of the strongest companies in the world when it comes to supply chain technology, including chips, and that's Foxconn.

And I've been on the call with the Chairman of Foxconn and he's ensured me that we won't have any chip shortages. So that's maybe one of the things as a startup, we're in a unique position that even maybe goes beyond some of the large OEMs out there, which kind of gave up on chips during COVID, and now they have a hard time to get back in the game. But we just signed up with Foxconn, and that gives us just such a strong position in the market, and I'm fully confident that we won't have any issues when it comes to chips.

**Daniel V. Galves**

*Vice President of Investor Relations*

Awesome. Let's go to one that's for Geeta, our CFO, and then we'll come back to some questions on government policy. Geeta, once vehicle production has been done, do you foresee a point at which Fisker will issue a dividend for shareholders?

**Geeta Gupta-Fisker**

*Co-Founder, CFO, COO & Director*

In the short term, the brief answer is no. And the reason for that answer is because as Henrik mentioned, by 2025, we are planning 4 very cool innovative electric vehicles. We are a high-growth company, and we're a global company, developing extremely exciting electric vehicles. We are also developing cutting-edge technologies and very unique experiences, have our customers access our vehicles either through our direct purchase or through our flexible lease model. What that means is that we need to invest capital into our own development, and we need to put profits back into high growth to create these exciting products, intellectual property and a unique customer base. And through these investments, we can generate significantly higher value by investing in the future of Fisker Inc.

**Daniel V. Galves**

*Vice President of Investor Relations*

Great. Thanks, Geeta. We've got a couple of questions on government policy. Given the surge in EV lobbying, how does Fisker utilize this momentum? Do you plan on taking advantage of EV tax credits? And what specific efforts have you made lobbying for your 75 and more for \$55,000 or less initiative?

**Henrik Fisker***Co-Founder, President, Chairman & CEO*

Yes. So let me start by saying that, obviously, incentives that are going to come out will benefit everybody, including Fisker. So of course, we're going to take advantage of those. Our vehicles are priced so good in the market that incentives on top of our vehicles will just give such a tremendous value to our customers, so that I think it will really accelerate our volume projections, maybe even beyond, a lot beyond, what we have estimated. Because our estimates really didn't take into account that we're going to get some new incentives. Of course, we are lobbying for it. We are talking to advisers. We are trying to see if we can even work together with some of the other car manufacturers. We are talking to a few.

Because at the end of the day, it's sort of -- it's something that the entire industry would like to be clarified, and they would like to have it. And the simple reason is that for the traditional car manufacturers, they can afford to keep making both gasoline and electric vehicles forever because it just isn't feasible for them to spend huge investment budgets in both technologies. So they want to see a quick turnaround to EVs. And of course, for Fisker, what we are interested in is to accelerate the volumes as fast as possible early on so we get scale. And one of the advantages we have over any other start-up is that we have production capability. We got Magna that, by the way, I want to clarify here that Magna has actually made available to us more capacity than we originally asked for.

So we have the ability to increase our capacity of Magna very easily if we're able to sell enough vehicles. So we are very excited about potential EV incentives in the U.S., but I also want to point out, EV incentives are radically going up in Europe, and the way they're done in Europe, and I expect it might be the same in the U.S., in Europe, there's already caps on the max selling price for an electric vehicle where you get credits or where you get sort of incentives.

So with this in mind, I just want to mention that we are priced exactly within those ranges in Europe. So we will take full advantages on the EV credits in Europe. And I've already given that example where, in Germany, we've been given incentives and of course, there's also local taxes. With all that, our vehicle will be sold for under EUR 32,000, and even our next-up vehicle will be priced extremely well, our high-performance variance, and because we are right in the right segment. So I expect that I actually see more growth in Europe than I originally thought. So actually, we are looking into adjusting more sales in Europe than we originally thought because the incentives in Europe are targeted exactly in the price range we're in, which many other companies are not. They have too expensive vehicles.

Now coming to the U.S., we mustn't forget that 80% percent of all vehicles sold in the U.S. cost under \$55,000. Now our two first variants will be under \$55,000. So therefore, we are, again, in the right segment. And honestly, I think it's wrong to give incentives to \$80,000 or \$100,000 electric vehicles because people who can afford a \$100,000 car, let's face it, they don't really need an incentive. The incentive needs to go to the middle class, they need to go to the mass market, they need to go to people who has a hard time getting into an electric vehicle because they can't afford to pay an extra \$100 a month. Those are the people who need the incentives, and that's where we're going to drive the volume. And Fisker is perfectly placed to take advantage of this. I mean I don't really mind what incentives come. I think we're going to rely -- in the right segment to take full advantage of them.

**Daniel V. Galves***Vice President of Investor Relations*

Henrik, given the -- next question, given the outsourced production model, why can't Fisker accelerate its Ocean production plans with Magna currently slated for the end of '22?

**Henrik Fisker***Co-Founder, President, Chairman & CEO*

Well, I want to remind everybody again that we have one of the fastest development times in the world, 2.5 years for a car, for a production vehicle globally certified. Most traditional OEMs spend at least 4 years. So we already have accelerated the line. Now the only difference is that unfortunately, we showed you, the customer, this vehicle in beginning of last year. So the feeling is that, hey, you showed me a vehicle, why can't you make it? Well, one thing is to build a prototype to show vehicles.

The other thing is to have the entire mass production setup where you produce 5,000 vehicles a month. Even for a startup to produce 3 or 4 or 500 vehicles, you can hammer them together manually and you don't make any money on them, but you can pretend that you're doing mass production. And we have seen that maybe some startups try to do that, but reality is, if you really want to be profitable, you have to have a perfect and seamless production, and that's all about planning and launch.

And most carmakers, they know what that means. It means that everything is streamlined. So when you start producing the first vehicles, you make a fairly quick ramp up. And when you're up and running, we're up and running and making 5,000 vehicles a month, those vehicles will make us money. So we are not here to start hammering cars together early. We also are aiming at a 5-star safety rating, we are aiming at having the highest quality vehicles in the world, and I really mean that. And that's something that is very hard to do for a start-up.

Now why are we confident we can do it? Because of our incredible engineering talent that we have, because they have launched many cars, the leaders of our company. They have launched many cars, but it's also because of our great partner, Magna, which currently are producing some of the highest quality cars in the world. So together, we are working on delivering, from the get-go, a high-quality car. And that is a very important goal, and that's why I don't want to compromise the quality by trying to accelerate the production a few months. I just don't think it's worth the negative publicity of having bad quality cars, it's not worth that -- I'd rather have the right quality and then accelerate the volume. And actually, what I want to mention what we have worked on with Magna, as I mentioned earlier, that rather than trying to accelerate the production, we have actually increased the volume potential in terms of capacity.

So again, if we are more successful than we expect, we will have easy access to capacity. And that's something most startups don't have, specifically not like really fast, with skilled labor, great tools, technology and the right buildings and everything, infrastructure, logistics, all that is available to us, and we can increase the capacity.

**Daniel V. Galves**

*Vice President of Investor Relations*

Okay. Great. We're coming up on top of it. Well, I think maybe we'll have time for one more. Let's try to squeeze one more in.

**Henrik Fisker**

*Co-Founder, President, Chairman & CEO*

Yes, one more.

**Daniel V. Galves**

*Vice President of Investor Relations*

Will there be advanced driving features like adaptive cruise control, parking assist, and will you test drive with the windows down for sound reverberations?

**Henrik Fisker**

*Co-Founder, President, Chairman & CEO*

Well, first, regarding driving assistant features, we have been able to source an amazing sensor suite with the most advanced, latest generation vision system from Mobileye and from Magna, a 4D digital imaging radar and high-performance processor to fuse all the information together, along with Magna's great history of integrating high-performance ADAS systems. I mean, these systems have a lot of adjustment, a lot of calibration, and that's something we've been able to do with our partners. But we are not using this amazing information to try to take the driving out of the human hands. We're using it to make their experience better, as I mentioned earlier. And by creating incredible safety cocoon around that vehicle that will lead to a 5-star rating in the U.S. and under the European 2022 rules, which are extremely challenging.

So you have to remember, a vehicle that's certified today won't necessarily get 5 stars in 2 or 3 years if it will be recertified. But we will, because we are following the much stricter future rules. So by focusing on



specific features that create a more convenient, stress-free drive like hands-free, pedal-free, cruise control in certain situations, by providing opportunities to safely communicate via voice call or text while you're driving, I mean, those are the type of things that we are looking at.

But we're also looking at some really cool features I mentioned earlier. I don't actually want to go into the details because I think they really give us a competitive edge, but our system with this 4D digital radar is going to allow us to offer something that I don't think any other car manufacturers can offer. So I'm pretty excited about it.

We've got an amazing in-house team that are working on this. And I think it will give us some uniqueness that others don't have. So again, this technology is something we want to announce as late as possible so we don't get any sort of fast followers. But I expect that we would maybe elaborate on this around January next year, perhaps at the Consumer Electronics Show in Las Vegas.

**Daniel V. Galves**

*Vice President of Investor Relations*

Thanks, Henrik.

**Henrik Fisker**

*Co-Founder, President, Chairman & CEO*

So I want to thank everybody.

**Daniel V. Galves**

*Vice President of Investor Relations*

Go ahead.

**Henrik Fisker**

*Co-Founder, President, Chairman & CEO*

Yes. Thank you, Dan. No, I think at the end of the hour. So I want to thank all our shareholders and anybody from the public listening in. It's been very exciting to have our first shareholder meeting. I'm super, super excited about the future. I'm really excited to see our teams, how they have been able to not only stay on time and deliver what we promise, but actually going beyond expectations. And if I could, I would fast forward to November right now because I'm so excited about showing innovation that we have in our Fisker Ocean.

And what also excites me is, I think, in my entire history in the car industry, I don't think I've ever seen a show car materialize to a production car being better than the show car. It's always the opposite. There was slightly less good just because it's a show car. But in this case, I can guarantee you, the Fisker Ocean production car actually is better than the show car. So stay tuned, and I can't wait to show it to you in November. Thank you very much, everybody.

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