



NASDAQ: EMBK
Q2 2022 Earnings
August 11, 2022



DISCLAIMER

This presentation (the "presentation") is being delivered to you by Embark Technology, Inc. ("Embark"). This presentation and any oral statements made in connection with this presentation shall neither constitute an offer to sell nor the solicitation of an offer to buy any securities.

No Representations and Warranties

This presentation is for informational purposes only and does not purport to contain all of the information that may be required to evaluate a possible investment decision with respect to Embark. The recipient agrees and acknowledges that this presentation is not intended to form the basis of any investment decision by the recipient and does not constitute financial investment, tax or legal advice. No representation or warranty, express or implied, is or will be given by Embark or any of their respective affiliates, directors, officers, employees or advisers or any other person as to the accuracy or completeness of the information (including as to the accuracy, completeness or reasonableness of statements, estimates, targets, projections, assumptions or judgments) in this presentation or in any other written, oral or other communications transmitted or otherwise made available to any party in the course of its evaluation of a possible transaction and no responsibility or liability whatsoever is accepted for the accuracy or sufficiency thereof or for any errors, omissions or misstatements, negligent or otherwise, relating thereto. The recipient also acknowledges and agrees that the information contained in this presentation is preliminary in nature and is subject to change, and any such changes may be material. Embark disclaims any duty to update the information contained in this presentation.

Forward-Looking Statements

This presentation contains forward-looking statements under Section 27A of the Securities Act of 1934 and within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are all statements the Company makes other than those dealing specifically with historical matters. Please refer to the Company's filings with the Securities and Exchange Commission, including our annual report on Form 10-K filed on March 21, 2022, Form S-1 filed on June 1, 2022, and other documents filed with the SEC from time to time for additional factors that could cause actual results to materially differ from current expectations. The forward-looking statements included in this presentation are valid only as of today's date except where otherwise noted. Embark undertakes no obligation to update these statements.

Industry, Market Data and Partnerships

In this presentation, Embark relies on and refers to certain information and statistics regarding the markets and industries in which Embark competes. Such information and statistics are based on management's estimates and/or obtained from third-party sources, including reports by market research firms and company filings. While Embark believes such third-party information is reliable, there can be no assurance as to the accuracy or completeness of the indicated information. Embark has not independently verified the accuracy or completeness of the information provided by the third-party sources.

This presentation contains descriptions of certain key business partnerships with Embark. These descriptions are based on the Embark management team's discussion with such counterparties, certain non-binding written agreements and the latest available information and estimates as of the date of this presentation. These descriptions are subject to negotiation and execution of definitive agreements with certain of such counterparties which have not been completed as of the date of this presentation, unless specified otherwise.

Trademarks

This presentation may contain trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners, and Embark's use thereof does not imply an affiliation with, or endorsement by, the owners of such trademarks, service marks, trade names and copyrights. Solely for convenience, some of the trademarks, service marks, trade names and copyrights referred to in this presentation may be listed without the TM, © or ® symbols, but Embark and its affiliates will assert, to the fullest extent under applicable law, the rights of the applicable owners, if any, to these trademarks, service marks, trade names and copyrights.

Use of Non-GAAP Financial Metrics

This presentation includes certain non-GAAP financial measures (including on a forward-looking basis) such as Adjusted EBITDA and Free Cash Flow Spend. Embark defines Adjusted EBITDA as net loss, adjusted for interest income/expense, depreciation and amortization, stock-based compensation expense, change in fair value of warrant liabilities and other one-time items. Embark defines Free Cash Flow as net cash used in operating activities, adjusted for capital expenditures including truck deposits, net of returns. These non-GAAP measures are an addition, and not a substitute for or superior to measures of financial performance prepared in accordance with GAAP and should not be considered as an alternative to net income, operating income, net cash used in operating activities or any other performance measures derived in accordance with GAAP. Reconciliations of non-GAAP measures to their most directly comparable GAAP counterparts are included in the Appendix to this presentation.

Embark believes that these non-GAAP measures of financial results (including on a forward-looking basis) provide useful supplemental information to investors about Embark. Embark's management uses forward looking non-GAAP measures to evaluate Embark's projected financial and operating performance. However, there are a number of limitations related to the use of these non-GAAP measures and their nearest GAAP equivalents. For example, other companies may calculate non-GAAP measures differently, or may use other measures to calculate their financial performance, and therefore Embark's non-GAAP measures may not be directly comparable to similarly titled measures of other companies.

KEY BUSINESS UPDATES




Commercial and Operations

TTP tech and operations milestones on track

New Top 10 LTL Carrier PDP Partner

Speaking at Future of Freight Festival 

Four new Sunbelt sites in progress 

Continued progress in partnerships and industrialization for EUI

Co-authored letter to CA Governor Newsom



Technology Roadmap

Demonstrated Emergency Vehicle Interaction capability this summer

On track to deliver Evasive Maneuvers by end of 2022

Women-led Engineering team files simulation technology patent ([blog](#))



Safety

Perfect safety record in inaugural NHTSA ADS data release

Zero DOT incidents in company history



Adapting to Market Conditions

Asset-light approach continuing to benefit

Implemented focused hiring plan:

- Head of Manufacturing, Brandon Conners
- Head of Sensors, Jim O'Keefe
- Head of Business Development, Josh Raycroft

Pending reverse stock split

Note: TTP = Truck Transfer Program; LTL = Less than truckload; PDP = Partner Development Program; EUI = Embark Universal Interface; NHTSA = National Highway Safety Administration; ADS = Automated Driving Systems; DOT = Department of Transportation.

LEADERSHIP IN AV TRUCKING IN 2022



Deliver the First Truck into the Fleets of Carrier Customers

Accomplish Two of the Remaining Five Capabilities in Our Technological Roadmap

Launch the Backbone of the Embark Coverage Map Across the Sunbelt Region

TRUCK TRANSFER PROGRAM (TTP) MILESTONES

The industry-first program has **pre-launch technical and operational goals that Embark has already made progress on.** These milestones are not only critical for the TTP's success but also for **learnings to deploy commercially with partners.**

Truck Transfer Program Configuration



Carrier staff maintaining the trucks at carrier facilities

Carrier staff dispatching the trucks using existing carrier systems

Carrier drivers behind the wheel monitoring and providing feedback

Carrier drivers pre-inspecting the trucks

Carrier facilities being used as a launching and resting place for the trucks

TTP Key Progress To Date

Technology Milestones

- Matured AV Kit Design:
 - Hardened Compute: increased reliability for in-fleet uptime needs
 - Simplified Sensor Packaging: optimized for serviceability
- Future Milestones:
 - Conduct On-road Testing: certify truck performance for deployment

Operational Milestones

- Completed Detailed Operating Model: intricate operating model defined
- Developed Pre-Post Trip Inspection: scalable process created
- Future Milestones:
 - Execute Driver and Maintenance Training Program: administer training program to Knight-Swift staff
 - Finalize Tech Integration: ensure all data is flowing as needed to support seamless operations

ON-TIME, SUCCESSFUL DEMONSTRATION OF EMERGENCY VEHICLE INTERACTION

Key Highlights

- In an industry-first, Embark collaborated with Texas Department of Public Safety and Travis County Sheriff's Office to successfully demonstrate Embark's emergency vehicle interaction capability on a public highway
- Engineering breakthrough with two key components:
 - 1 Technical functionality – identify emergency vehicle lights and other cues to slow and pull over
 - 2 Scalable interaction procedure developed with input from law enforcement that we expect can enable any law enforcement officer to safely stop, approach, and receive information from the truck via a lockbox and communication with a remote Guardian Support Technician
- Links: [Press Release](#); [Whitepaper](#)



EMBARK BY THE NUMBERS

Cash

2022E
Guidance

Employees

Q2 '22

\$220.4M

Q2 Cash Balance

\$100 – 115M

2022E Free Cash Flow
Spend⁽¹⁾

340

Employees⁽²⁾

\$14.3M

Q2 Net Operating Loss

\$24.7M

Q2 Free Cash
Flow Spend⁽¹⁾

\$60 – 65M

2022E Stock-Based
Compensation Expense

271

R&D Employees⁽²⁾

\$23.9M

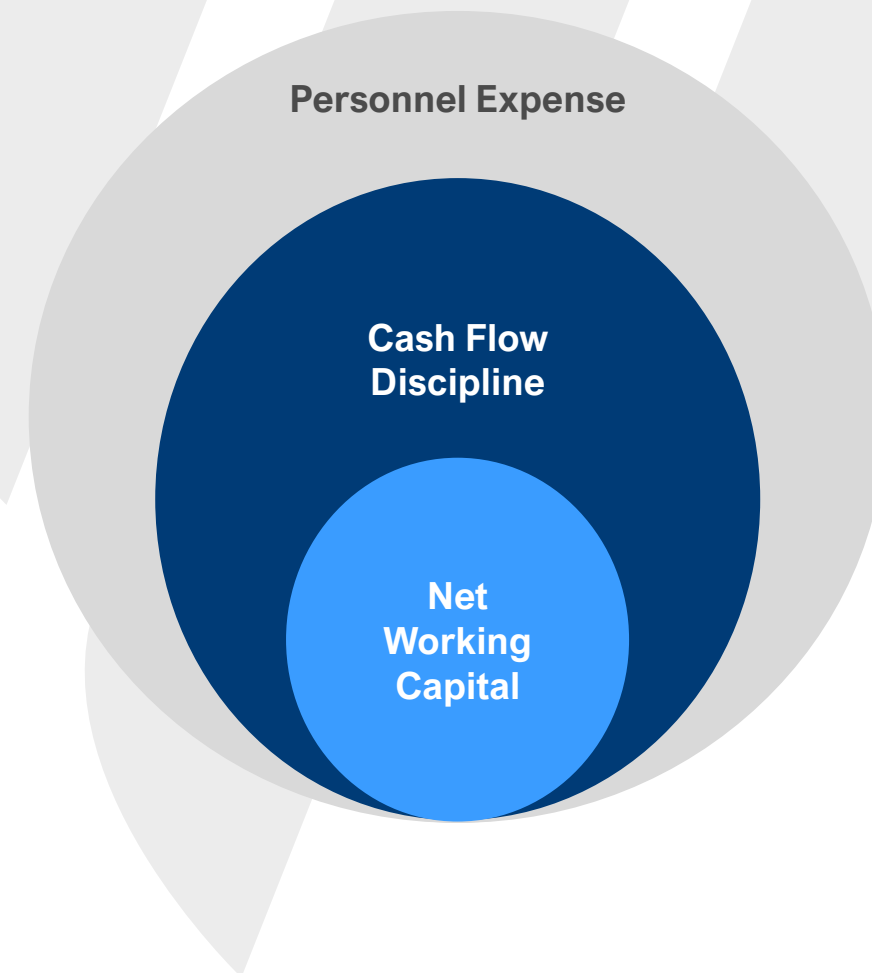
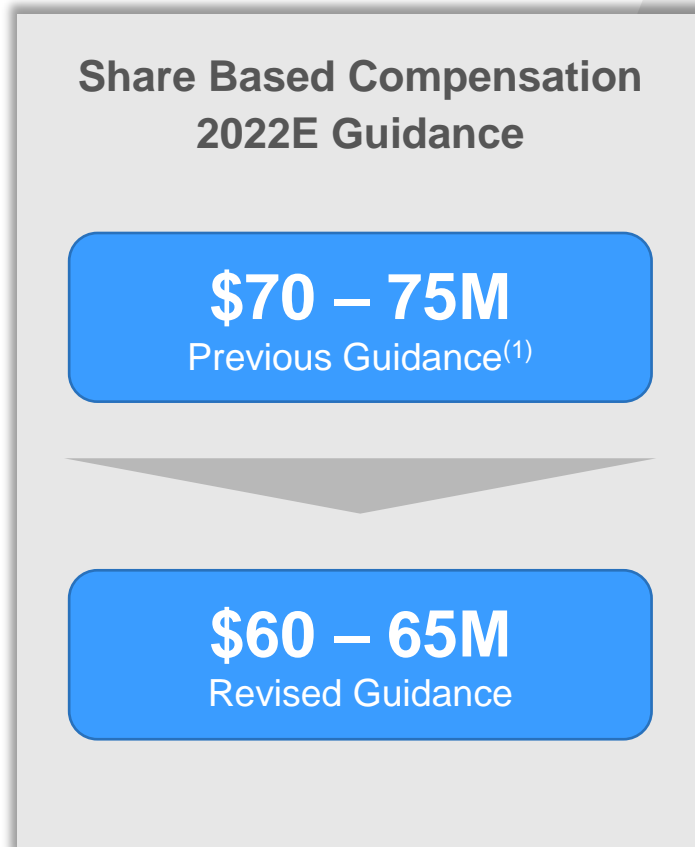
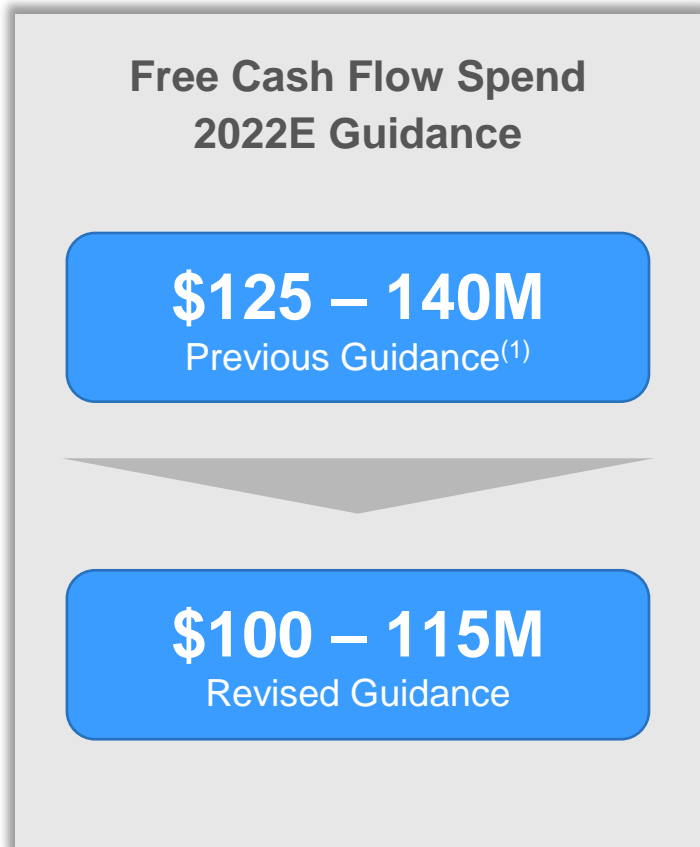
Q2 Adjusted EBITDA
Loss⁽³⁾

1) As defined in non-GAAP reconciliations on slide 14.

2) Employee count excludes 12 contractors, 8 in R&D and 4 in G&A.

3) As defined in non-GAAP reconciliations on slide 13.

UPDATE ON 2022E FINANCIAL GUIDANCE



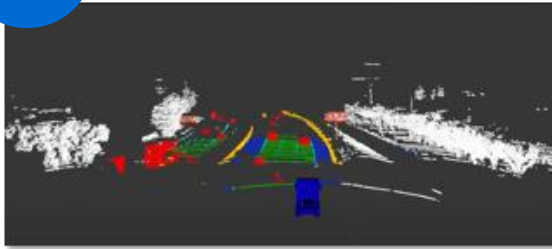
1) As of Embark's Q1 2022 Earnings Presentation on May 10, 2022.

ASSET-LIGHT – TECHNOLOGY DEEP DIVE

Embark focuses engineering effort solely on developing industry-leading software which is made possible by partnering with innovative companies with nearly 40 years in experience, hundreds of R&D employees and significant technology investment.

1

LiDAR



9 Years in Operation

2

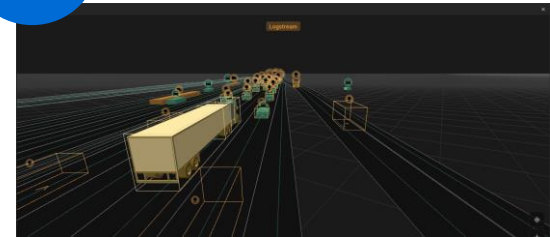
Autonomous Domain Controller



24 Years in Operation

3

Simulation



5 Years in Operation

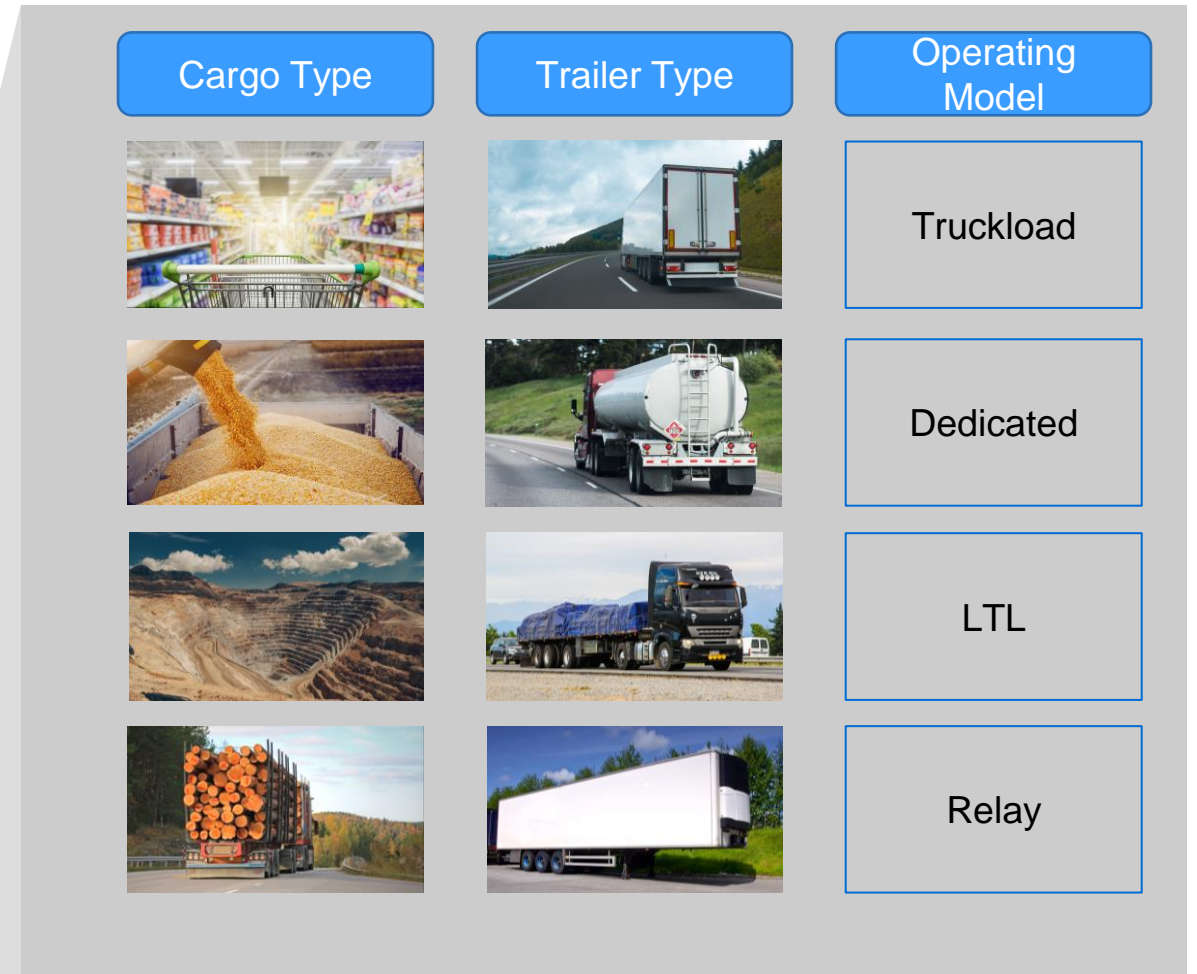
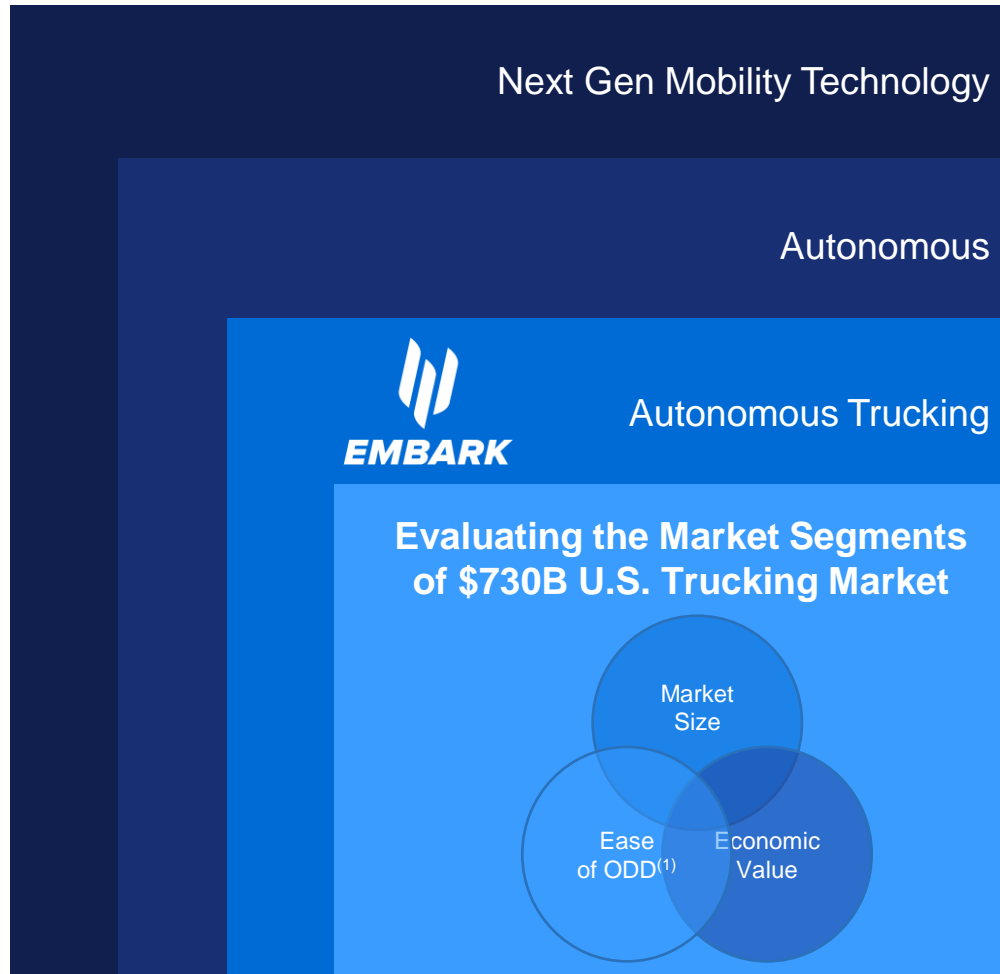
Combined Lifetime Funding⁽¹⁾

Over \$1.2 Billion

Hundreds of Combined R&D Employees⁽²⁾

CONCLUDING REMARKS

Multiple sub-segments within the trucking market are conducive to our technology.



1) ODD = Operational Design Domain.

UPCOMING INVESTOR EVENTS

Date	Event	Location
Aug 15	Special Shareholders Meeting – Reverse Stock Split Proposal	Virtual
Sep 8	Cowen Global Transportation & Mobility Investor Conference	Virtual
Sept 27-28	MOVE America Conference	Austin, TX
Nov 1-3	F3: Future of Freight Festival (with DHL)	Chattanooga, TN
To Come	Embark Day	San Francisco, CA



EMBARK

Appendix



NON-GAAP RECONCILIATION: ADJUSTED EBITDA

Embark Technology, Inc.
Reconciliation of Adjusted EBITDA
(in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net Loss	\$ (14,324)	\$ (20,226)	\$ (32,771)	\$ (28,708)
Interest income and expense, net	151	1,637	159	1,607
Depreciation and amortization	451	252	834	474
Amortization of right-of-use assets - operating leases	516	—	1,004	—
EBITDA	(13,206)	(18,337)	(30,774)	(26,627)
Stock-based compensation expense ⁽¹⁾	12,421	537	29,023	1,099
Change in fair value of warrant liabilities ⁽²⁾	(24,253)	—	(46,409)	—
One-time adjustment ⁽³⁾	434	4,773	434	4,773
Upfront CEF commitment fee (noncash) ⁽⁴⁾	666	—	666	—
Adjusted EBITDA	(23,938)	(13,027)	(47,060)	(20,755)

1) Reflects, for the periods presented, stock-based compensation expense related to the issuance of stock options, Restricted Stock Units (RSUs) including performance-based restricted stock units (PSUs) and Common Stock Units (CSUs) to Embark employees and non-employees.

2) Reflects the decrease in the fair values of Embark's warrants.

3) Professional service fees incurred in connection with business combination in 2021.

4) Upfront commitment fee incurred in connection with committed equity facility ("CEF") in 2022.

NON-GAAP RECONCILIATION: FREE CASH FLOW SPEND

Embark Technology, Inc.
Free Cash Flow
(in thousands)
(unaudited)

Three Months Ended

	<u>6/30/2022</u>	<u>3/31/2022</u>	<u>12/31/2021</u>
Net cash used in operating activities (GAAP)	\$ (22,041)	\$ (18,225)	\$ (33,191)
Capital expenditures including truck deposits, net of returns	(2,686)	(1,717)	(973)
Free cash flow (Non GAAP)	\$ (24,727)	\$ (19,942)	\$ (34,164)

EMBARK SHARE DETAIL

Share Type	Amount	Description
Class A ⁽¹⁾	373,586,994	Common stock – 1 vote per share
Class B ⁽¹⁾	87,078,981	Common stock – 10 votes per share
Basic Shares Outstanding	460,665,975	
<u>Other Securities</u>		
Exercised / Vested, Not Issued Class A	1,209,488	Class A shares exercised or vested, but not yet issued as of 6/30/22
Private Warrants ⁽²⁾	8,686,667	Exercisable at \$11.50 per share for Class A shares
Public Warrants ⁽³⁾	14,466,599	Exercisable at \$11.50 per share for Class A shares
Options Outstanding ⁽⁴⁾	17,145,544	Weighted average exercise price of \$0.23
RSU Outstanding	23,910,564	Vests over four years
Performance Stock Units Outstanding	44,715,756	Performance based RSUs vesting with EMBK trading at greater than \$20 per share ⁽⁵⁾
Common Stock Units Outstanding	1,214,630	Related to exercised warrants
Total Shares	572,015,223	

Note: All data as of 6/30/22 unless otherwise noted.

(1) As of August 5, 2022.

(2) Includes 2,000,000 Issuance of warrants upon conversion of convertible note.

(3) Includes 666,663 forward purchase agreements warrants.

(4) Of this amount, 12.0 million are vested and exercisable at \$0.14 as of 6/30/22.

(5) PSUs do not begin to vest until Embark's share price is at least \$20.00, with a vesting schedule comprised of six price-based increments up to \$100 per share.

 **EMBARK**
Thank You

