



Nxu and Verde Bioresins Announce Proposed Merger

October 24, 2024

*Combination intended to create significant shareholder value in pursuit of a sustainable future
An Economically Feasible and Scalable Alternative Bioresin to Traditional Petroleum-based Plastics*

MESA, Ariz., Oct. 24, 2024 (GLOBE NEWSWIRE) -- Nxu, Inc., (NASDAQ: NXU) ("Nxu", "the Company"), a domestic technology company focused on energy storage and charging solutions for the infrastructure we need to power our electrified future, and Verde Bioresins, Inc. ("Verde"), a leader in sustainable product innovation and full-service bioplastics production, have entered into a merger agreement pursuant to which Nxu will acquire all of the issued and outstanding common shares of Verde in an all-stock transaction. Upon closing of the merger, the combined company is expected to be renamed "Verde Bioresins, Corp." and list its common stock on Nasdaq under the new ticker symbol "VRDE." The members of the boards of directors of both companies unanimously approved, and will recommend that shareholders of each company approve, the proposed transaction.

Verde pioneered PolyEarthylene™, an innovative and proprietary bioresin that has the potential to replace traditional petroleum-based plastics and disrupt the plastics industry. It is an economically feasible alternative that is intended to be dropped into existing plastics manufacturing processes, and Verde is one of the first scalable full-service bio-resin market solutions intended to meet most of the environmental, application, manufacturing, and cost requirements of the industry. Verde's current polyethylene and polypropylene replacement applications are designed to address nearly half of the approximate \$600 billion total addressable global plastics market.

"We are thrilled to merge with Nxu, a company at the forefront of sustainable solutions in transportation," said Brian Gordon, Co-founder and President of Verde. "In addition to selling our biobased, biodegradable and recyclable PolyEarthylene resins to global brands and large plastics converters, we look forward to developing ways to incorporate PolyEarthylene resins into Nxu's EV charging systems with the hopes of creating an even more environmentally friendly offering."

"Nxu has remained steadfast in its pursuit of a sustainable future through clean technology, and a combination with Verde is a creative path to that future that has the potential for long-term value creation for our shareholders," said Nxu Founder, Chairman and CEO Mark Hanchett. "Verde's PolyEarthylene resins are making waves in the plastics market, and I'm incredibly excited about the potential for disruption."

Proposed Transaction Details

Upon the closing of the Merger, assuming Nxu's aggregate enterprise value is approximately \$16.2 million, pre-Merger Verde stockholders will own approximately 95% of the combined company and pre-Merger Nxu stockholders will own approximately 5% of the combined company, in each case, on a fully-diluted and as-converted basis. For purposes of determining the exchange ratio in the transaction, Verde has been ascribed an aggregate enterprise value of approximately \$306.9 million, and Nxu's aggregate enterprise value will be an amount equal to approximately \$16.2 million less an amount equal to the excess of certain lease payments remaining unpaid at closing over Nxu's cash balance at closing.

The transaction is subject to certain closing conditions, including approval by Nxu and Verde shareholders. Upon closing of the Merger, the board of directors of the combined company will consist of seven members, six of whom will be appointed by Verde and one of whom will be appointed by Nxu; and the Verde management team will manage the business of the combined company.

Verde's controlling shareholder Humanitario Capital, LLC has signed a support agreement to vote all of its shares of Verde common stock in favor of the transaction. Similarly, Mark Hanchett Chairman, CEO, & Founder and Annie Pratt, President, holding an aggregate of approximately 19% of the total voting power of Nxu's common stock, have entered into support agreements to vote all of their shares of Nxu common stock in favor of the Merger. Humanitario Capital, LLC has also entered into a Lock-Up Agreement with an initial lock-up period of 180 days, after which the transfer of any shares of Nxu common stock representing more than 5% of the aggregate shares in any calendar month is prohibited for a period of 24 months.

The proposed transaction between Verde and Nxu is the culmination of a formal process initiated by Nxu's Board of Directors to explore a range of possible strategic alternatives for optimizing Nxu's assets and generating sustained shareholder value while still managing potential risks. Since April 2024, the Strategic Planning Committee of the Nxu Board, with the assistance of its advisors and management, evaluated many former potential merger and acquisition candidates as well as new ones, including Verde. Nxu's Strategic Planning Committee made a unanimous, formal recommendation to the Nxu Board to pursue a combination with Verde and to proceed with the proposed transaction.

Britt Ide, co-chair of the Strategic Planning Committee, commented, "Nxu's Strategic Committee and senior management team have conducted thorough due diligence on Verde, and we have been tremendously impressed with their technology, management team, business, and potential for growth." Co-chair Jessica Billingsley added, "Verde has the opportunity to be a major player in the plastics industry, and we believe that by leveraging the public markets they will be able to grow their market share quickly. The proposed merger provides Nxu shareholders with the exciting opportunity to participate in the creation of a more sustainable future via Verde's growth."

Advisors

Lake Street Capital Markets, LLC has provided a fairness opinion to the Nxu Board in connection with the proposed transaction. Snell & Wilmer L.L.P. is serving as legal counsel to Nxu in connection with the proposed transaction.

Roth Capital Partners, LLC is serving as financial advisor to Verde. Wilmer Cutler Pickering Hale and Dorr LLP is serving as legal counsel to Verde in connection with the proposed transaction.

Proxy Solicitor Information and Shareholder Questions

Nxu's shareholders who have questions should contact info@nxuenergy.com

It is anticipated that the Nxu special shareholder meeting will take place in the first quarter of 2025. Nxu's proxy solicitation will be handled by D.F. King & Co.

About Verde

Verde is addressing the Growing Global Plastic Pollution Crisis: 85% of all plastics in the United States end up in a landfill, taking hundreds of years or

more to decompose. Through its sustainable product innovation and proprietary technology, Verde provides comprehensive design and development solutions for companies seeking alternatives to conventional plastics. Verde targets food service, consumer goods, skincare and beauty, automotive, agricultural, and other packaging end markets with resins for blown film, thermoform, injection molding and blow molding applications. For additional information, please visit verdebioresins.com

About Nxu, Inc.

Nxu, Inc. is a domestic technology company leveraging its intellectual property and innovations to support e-Mobility and energy storage solutions. For more information, visit www.nxuenergy.com.

Forward-Looking Statements

Certain statements in this press release may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can typically be identified by such words as “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “evolve,” “expect,” “forecast,” “intend,” “looking ahead,” “may,” “opinion,” “plan,” “possible,” “potential,” “project,” “should,” “will,” and variations of such words and other similar expressions.

These forward-looking statements are only predictions based on current expectations and assumptions and are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. There are important factors that could cause actual results to differ materially from the results expressed or implied by forward-looking statements, including the risk factors set forth under “Risk Factors” in Part I, Item 1A of Nxu’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023, set forth in Nxu’s subsequent Quarterly Reports on Form 10-Q or set forth in Nxu’s other filings with the Securities and Exchange Commission (“SEC”), and any of the following: (i) the expected timing to consummate the Merger and/or the transactions contemplated by the Merger Agreement; (ii) the satisfaction (or waiver) of closing conditions to the consummation of the Merger and/or the transactions contemplated by the Merger Agreement, including obtaining stockholder approvals and any required regulatory clearances; (iii) potential litigation relating to the Merger and/or the transactions contemplated by the Merger Agreement that could be instituted against Nxu, Verde or their respective directors; (iv) risks related to Nxu’s continued listing on Nasdaq until closing of the Merger; (v) risks related to (a) the combined company’s satisfaction of the Nasdaq initial listing application qualifications for the listing on the Nasdaq Capital Market and (b) Nasdaq’s approval of the listing of the shares of Nxu common stock to be issued in connection with the Merger; (vi) risks associated with the possible failure to realize certain anticipated benefits of the Merger, including with respect to future financial and operating results; (vii) uncertainties regarding unexpected costs, liabilities or delays in connection with the consummation of the Merger and/or the transactions contemplated by the Merger Agreement, and the impact such costs, liabilities or delays would have on the anticipated cash resources of the combined company upon closing; (viii) operating costs, customer loss and business disruptions arising from the Merger and/or the transactions contemplated by the Merger Agreement and the pendency or consummation thereof (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers), which may be greater than expected; (ix) the ability of Nxu and Verde to protect their respective intellectual property rights; (x) competitive responses to the proposed Merger and changes in expected or existing competition; (xi) Nxu’s, Verde’s, and the combined company’s limited operating history; (xii) the combined company’s ability to manage growth; (xiii) changes in capital requirements; (xiv) the combined company’s ability to obtain additional financing; (xv) other adverse economic, business, and/or competitive factors; and (xvi) other risks to the consummation of the Merger and the other transactions contemplated by the Merger Agreement, including circumstances that could give rise to the termination of the Merger Agreement and the risk that the transactions contemplated thereby will not be consummated within the expected time period, without undue delay, cost or expense, or at all.

All forward-looking statements are qualified by, and should be considered in conjunction with, these cautionary statements. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date on which such statements are made. Except as required by applicable law, neither Nxu nor Verde undertakes any obligation to update forward-looking statements to reflect events or circumstances arising after such date.

Important Additional Information About the Proposed Transaction and Where to Find It

In connection with the proposed transaction, Nxu intends to file relevant material with the SEC, including a Registration Statement on Form S-4 (as amended, the “Registration Statement”), that will contain a proxy statement of Nxu and that will constitute a prospectus with respect to shares of Nxu’s common stock to be issued in connection with the proposed transaction (the “Proxy Statement/Prospectus”). NXU URGES ITS INVESTORS AND STOCKHOLDERS TO READ THE REGISTRATION STATEMENT, PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT MAY BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT NXU, VERDE, THE PROPOSED TRANSACTION AND RELATED MATTERS. Investors and stockholders will be able to obtain free copies of the Registration Statement, Proxy Statement/Prospectus and other documents filed by Nxu with the SEC (when they become available) through the website maintained by the SEC at www.sec.gov. In addition, investors and stockholders should note that Nxu communicates with investors and the public using its website (www.nxuenergy.com) and the investor relations website (investors.nxuenergy.com), where anyone will be able to obtain free copies of the Registration Statement, Proxy Statement/Prospectus and other documents filed by Nxu with the SEC and investors and stockholders are urged to read the Registration Statement/Prospectus and the other relevant materials when they become available before making any voting or investment decision with respect to the proposed transaction.

No Offer or Solicitation

This press release is not intended to and does not constitute (i) a solicitation of a proxy, consent or approval with respect to any securities or in respect of the proposed transaction or (ii) an offer to sell or the solicitation of an offer to subscribe for or buy or any invitation to purchase or subscribe for any securities pursuant to the proposed transaction or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of the Securities Act or an exemption therefrom. Subject to certain exceptions to be approved by the relevant regulators or certain facts to be ascertained, the public offer will not be made directly or indirectly, in or into any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction, or by use of the mails or by any means or instrumentality (including without limitation, facsimile transmission, telephone and the internet) of interstate or foreign commerce, or any facility of a national securities exchange, of any such jurisdiction.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OR DETERMINED IF THIS PRESS RELEASE IS TRUTHFUL OR COMPLETE.

Participants in the Solicitation

Nxu, Verde and their respective directors, executive officers and other members of management may be considered participants in the solicitation of proxies in connection with the proposed transactions. Information about Nxu’s directors and executive officers, consisting of Mark Hanchett, Annie Pratt, Britt Ide, Jessica Billingsley and Sarah Wyant, including a description of their direct or indirect interest, by security holdings or otherwise, can be found under the captions, “Security Ownership of Certain Beneficial Owners and Management,” “Executive Compensation,” and “Director Compensation” contained in the definitive proxy statement on Schedule 14A for Nxu’s 2024 annual meeting of stockholders, filed with the SEC on May

2, 2024 (the "2024 Nxu Proxy Statement"). To the extent that Nxu's directors and executive officers and their respective affiliates have acquired or disposed of security holdings since the applicable "as of" date disclosed in the 2024 Nxu Proxy Statement, such transactions have been or will be reflected on Statements of Change in Beneficial Ownership on Form 4 filed with the SEC. Additional information regarding the persons who may be deemed participants in the solicitation of proxies, including the information about the directors and executive officers of Verde, will be included in the Proxy Statement/Prospectus and other relevant materials relating to the proposed transaction when it is filed with the SEC. Investors should read the Registration Statement, Proxy Statement/Prospectus and the other relevant materials when they become available before making any voting or investment decision with respect to the proposed transaction. These documents can be obtained free of charge from the sources indicated above.

CONTACT:

Nxu, Inc.

info@nxuenergy.com