

SHAREHOLDER LETTER

Q3 2023



investors.nxuenergy.com

+ Dear Shareholders,

The third quarter was one of the most significant quarters in Nxu's history. We successfully transitioned from a pre-revenue company to generating revenue from our charging products and our core battery technology; began delivery of our powerful, game-changing NxuOne™ charging technology to our first customers; and celebrated the one-year anniversary of becoming a public company.

Becoming a publicly traded company comes with its own unique set of challenges and opportunities, but most importantly, it reminded us of where we came from and how far we've come. The vision of Nxu, from its inception in my garage over six years ago to today, has never changed. It has never wavered. It persists. Nxu envisions a future where energy is harnessed in a way that is abundant, accessible, and infinite to make electric mobility viable. One critical pillar of that future is EV charging – a pillar that has historically been, and continues to be, under-developed and fragmented with a terrible customer experience.

At Nxu, we're working thoughtfully and deliberately to stand up and fortify the EV charging pillar so the rest of the electrified ecosystem can thrive. Our future is electrified and reframing how we think about energy usage will help facilitate the adoption and advancement of a seamless, infinite infrastructure.

Our first step: we're working to fix EV charging. It's not going to be easy, but it is going to be rewarding. No one single thing can fix EV charging, but the pieces we're building and putting into place we expect will cure the cracks in the pillar and strengthen it for the future. Nxu intends to implement some of the fastest charging stations on the market. Nxu expects to make EV charging easy, stress-free and catered to the customer. Our aim is to own the charging experience from top to bottom, so EV drivers aren't relying on a Frankenstein-ed charger in the middle of nowhere with no shade, restrooms, or amenities. Nxu is listening to the needs of our customers and shareholders alike and answering the call.

You have to walk before you can run. While we faced some significant challenges this year, the Nxu team continues to be resilient and has leveraged its learnings to deliver multiple key milestone achievements in Q3.

This exciting momentum is inspiring us to continue charging forward throughout Q4 and not only finish the year strong, but motivates us to make 2024 even stronger. We remain dedicated to our primary goal of building value for our shareholders, customers, and team members in our pursuit of a future where energy is harnessed in a way that is abundant, accessible and infinite, ensuring electric mobility viability.

Sincerely,



Mark Hanchett
Founder, CEO and Chairman, Nxu



SINCE INCEPTION,
THE VISION HAS NOT CHANGED.



The Opportunity Ahead

More and more, it's becoming clear that the largest obstacle for EV adoption is the lack of consistent, reliable charging infrastructure. Knowing this, we made the strategic decision to prioritize development of EV charging infrastructure for the near future. This concentration and leveraging of our resources positioned Nxu to make significant strides toward our vision of an electrified future.

48M

Vehicles in Operation

EVs projected on U.S. roads by 2030⁽¹⁾

230TWH

Total Addressable Market

Energy demand for all EVs in the U.S.⁽¹⁾

1.2M

Total Serviceable Market

Public fast chargers needed in the U.S.⁽¹⁾

6900UNITS

Share of Market

Nxu's target market share of public fast charging by 2030⁽¹⁾

\$5B

Allocated via Bipartisan Infrastructure Law to
National Electric Vehicle Infrastructure (NEVI)
formula grant program through 2026⁽²⁾

\$17B

Allocated via Bipartisan Infrastructure Law to
**Department of Energy Advanced Technology
Vehicles Manufacturing** loan program⁽²⁾

¹ [McKinsey & Co.](#)
² [The White House](#)



Fundraising

In August, we raised \$5 million in capital through issuance of common stock in a public offering, concentrated our resources on getting product to market, decreased costs across the business, and accelerated revenue-generation from the charging product offering.

Nxu HQ

We also opened our new HQ office in Tempe, AZ.



First Shipment

We shipped our first battery technology system to an OEM customer to use in their upcoming electric vehicle.



Hilary Taylor



Jessica Murphy

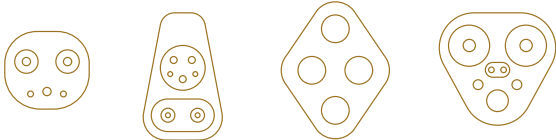
Nxu Hires

To support the important progress we made throughout the quarter and beyond, we also made strategic leadership hires, bringing on Hilary Taylor as Senior Director of charging engineering; and Jessica Murphy as Controller in our finance department.



Standard-Agnostic

In July, we demonstrated NACS charging capability with NxuOne™ as numerous OEMs pledged their future technology to NACS charging standard compliance. Nxu's swift integration of the NACS standard speaks to our commitment to developing standard-agnostic solutions and developing future-proof solutions for our customers today.



NxuOne™ Megawatt+ Charging System

We ended the quarter with one of the most exciting days for Nxu: launching revenue-generating, public field trials of the NxuOne™ Megawatt+ Charging System at our manufacturing facility in Mesa, Ariz. Paired with National Drive Electric Week, we exceeded 1MWh of charging delivered during opening weekend. The response from customers was positive.



Quartzsite, AZ

Leading up to our first revenue-generating charging program, we also announced our first major highway megawatt+ charging location, sharing that we're under contract to purchase land in Quartzsite, Ariz., a critical location as Nxu works to electrify the route between Phoenix and Los Angeles on Interstate 10.



* Renders shown above; designs subject to change.



NXU, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share data)
(Unaudited)

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Assets		
Current Assets:		
Cash	\$ 2,028	\$ 2,701
Prepaid expenses and other current assets	625	868
Inventory	-	98
Total current assets	2,653	3,667
Property and equipment, net	3,141	2,441
Intangible assets, net	9	10
Right-of-use assets	1,709	798
Other assets	680	122
Total assets	\$ 8,192	\$ 7,038
 Liabilities and Stockholders' Deficit		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 3,653	\$ 3,219
Variable share settled restricted stock units	306	-
Current portion of operating lease liability	870	344
Other current liabilities	501	680
Total current liabilities	5,330	4,243
Lease liability, net of current portion	921	558
Convertible debt and warrant liability, at fair value	5,901	11,285
Other long-term liabilities	300	-
Total liabilities	12,452	16,086
 Commitments and Contingencies		
 Stockholders' deficit:		
Class A Common Stock, par value \$0.0001; 4,000,000,000 shares authorized;		
58,622,086 issued and outstanding as of September 30, 2023; 9,763,838 issued and outstanding as of December 31, 2022	6	1
Class B Stock, par value \$0.0001; 1,000,000,000 authorized; 35,175,370 issued and outstanding at September 30, 2023; 0 issued and outstanding at December 31, 2022		
	4	3
Additional paid-in capital	252,318	209,564
Accumulated deficit	(256,588)	(218,616)
Total stockholders' deficit	(4,260)	(9,048)
Total liabilities and stockholders' deficit	\$ 8,192	\$ 7,038



NXU, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Revenue	\$ 117	\$ —	\$ 117	\$ —
Cost of revenue	1,013	—	1,013	—
Depreciation	1	—	1	—
Total cost of revenue	1,014	—	1,014	—
Gross loss	(897)	—	(897)	—
Operating expenses:				
Stock-based compensation	4,689	10,163	16,306	34,370
Research and development	2,241	2,564	10,690	6,794
General and administrative	4,810	1,985	12,808	7,236
Advertising	104	1,494	284	5,131
Total operating expenses	11,844	16,206	40,088	53,531
Operating loss	(12,741)	(16,206)	(40,985)	(53,531)
Other income (expense):				
Interest expense	(33)	(5)	(73)	(5)
Paycheck protection program forgiveness	—	—	—	397
Gain/(loss) on sale or disposal of property and equipment	(80)	—	30	(152)
Warrant expense	—	—	(984)	—
Gain on convertible debt & warrant liability	1,903	—	4,007	—
Other income	—	63	33	165
Total other income, net	1,790	58	3,013	405
Net loss	\$ (10,951)	\$ (16,148)	\$ (37,972)	\$ (53,126)
Loss per share, basic and diluted	\$ (0.22)	\$ (2.06)	\$ (1.09)	\$ (7.22)
Weighted average number of common shares outstanding				
used in computing loss per share:	49,101,347	7,848,640	34,875,703	7,363,248



NXU, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(Amounts in thousands, except share data)
(Unaudited)

Three Months Ended September 30, 2023

	Common Stock				Additional Paid-in Capital	Accumulated (Deficit)	Total
	Class A		Class B				
	Shares	Amount	Shares	Amount			
Balance at June 30, 2023	38,174,853	\$ 4	33,825,370	\$ 3	\$ 246,173	\$ (245,637)	\$ 543
Common stock issued for cash	15,266,667	2	—	—	1,245	—	1,247
Class B stock issued	—	—	1,350,000	1	—	—	1
Stock-based compensation Common stock issued under stock compensation plans	—	—	—	—	4,730	—	4,730
Exercise of Series B warrants	3,913,236	—	—	—	—	—	—
Conversion of long term debt to equity	1,005,000	—	—	—	120	—	120
Stock-based commitment fee liability	262,330	—	—	—	50	—	50
Net loss	—	—	—	—	—	(10,951)	(10,951)
Balance at September 30, 2023	58,622,086	\$ 6	35,175,370	\$ 4	\$ 252,318	\$ (256,588)	\$ (4,260)

Nine Months Ended September 30, 2023

	Common Stock				Additional Paid-in Capital	Accumulated (Deficit)	Total
	Class A		Class B				
	Shares	Amount	Shares	Amount			
Balance at December 31, 2022	9,763,838	\$ 1	31,125,370	\$ 3	\$ 209,564	\$ (218,616)	\$ (9,048)
Common stock issued for cash	23,563,726	3	—	—	6,165	—	6,168
Class B stock issued	—	—	4,050,000	1	—	—	1
Stock-based compensation Common stock issued under stock compensation plans	—	—	—	—	16,172	—	16,172
Shares issued for services	3,913,236	—	—	—	—	—	—
Exercise of Series A and B warrants	145,935	—	—	—	106	—	106
Exercise of stock options	6,422,100	—	—	—	3,420	—	3,420
Conversion of long term debt to equity	77,973	—	—	—	547	—	547
Stock-based commitment fee liability	14,735,278	2	—	—	16,344	—	16,346
Net loss	—	—	—	—	—	(37,972)	(37,972)
Balance at September 30, 2023	58,622,086	\$ 6	35,175,370	\$ 4	\$ 252,318	\$ (256,588)	\$ (4,260)



NXU, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(Amounts in thousands, except share data)
(Unaudited)

Three Months Ended September 30, 2022

	Common Stock								
	Class A		Class C		Class B		Additional Paid-in Capital	Accumulated (Deficit)	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at June 30, 2022	7,657,322	\$ 1	—	\$ —	28,425,370	\$ 3	\$ 185,449	\$ (184,913)	\$ 540
Common stock issued for cash	446,815	—	—	—	—	—	6,390	—	6,390
Series B stock issued	—	—	—	—	1,350,000	—	—	—	—
Stock-based compensation	1,434,554	—	—	—	—	—	10,163	—	10,163
Net loss	—	—	—	—	—	—	—	(16,148)	(16,148)
Balance at September 30, 2022	9,538,691	\$ 1	—	\$ —	29,775,370	\$ 3	\$ 202,002	\$ (201,061)	\$ 945

Nine Months Ended September 30, 2022

	Common Stock								
	Class A		Class C		Class B		Additional Paid-in Capital	Accumulated (Deficit)	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2021	6,854,576	\$ 1	5,000	\$ —	25,725,370	\$ 2	\$ 151,734	\$ (147,935)	\$ 3,802
Common stock issued for cash	1,172,561	—	—	—	—	—	15,272	—	15,272
Shares issued for services and rent guarantees	2,000	—	5,000	—	—	—	10	—	10
Series B stock issued	—	—	—	—	4,050,000	1	—	—	1
Exchange of class C to class A stock.	75,000	—	(10,000)	—	—	—	572	—	572
Stock-based compensation	1,434,554	—	—	—	—	—	34,414	—	34,414
Net loss	—	—	—	—	—	—	—	(53,126)	(53,126)
Balance at September 30, 2022	9,538,691	\$ 1	—	\$ —	29,775,370	\$ 3	\$ 202,002	(201,061)	\$ 945



NXU, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (37,972)	\$ (53,126)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	465	193
Employee stock-based compensation	16,306	34,370
Non-employee stock-based compensation	106	627
Non-cash warrant expense	984	—
Paycheck Protection Loan Program	—	(397)
Net change in operating lease assets and liabilities	(22)	(16)
Loss on write-off of inventory	896	—
(Gain)/loss on the sale or disposal of property and equipment	(30)	152
Gain on fair value of convertible debt and warrant liability	(4,007)	—
Changes in assets and liabilities:		
Prepaid expenses and other current assets	243	42
Inventory	(797)	—
Other assets	(558)	(205)
Accounts payable and accrued liabilities	500	1,798
Other current liabilities	(117)	721
Other long-term liabilities	300	—
Net cash used in operating activities	<u>(23,703)</u>	<u>(15,841)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,571)	(1,394)
Proceeds from the sale of property and equipment	559	230
Payments on financing lease liability	(77)	—
Net cash used in investing activities	<u>(1,089)</u>	<u>(1,164)</u>
Cash flows from financing activities:		
Proceeds from public offering, net of equity offering costs	18,595	15,273
Proceeds from the issuance of convertible debt	7,330	—
Payments on convertible debt	(2,353)	—
Proceeds from the exercise of stock options	547	—
Net cash provided by financing activities	<u>24,119</u>	<u>15,273</u>
Net decrease in cash	(673)	(1,732)
Cash, beginning of period	2,701	3,146
Cash, end of period	<u>\$ 2,028</u>	<u>\$ 1,414</u>
Cash paid for income taxes	\$ 1	\$ 5
Interest	\$ 1	\$ —
Supplemental disclosure of non-cash investing and financing activities:		
Debt converted to equity	\$ 16,464	\$ —
Capital expenditures included in accounts payable and other accrued liabilities	\$ 196	\$ 193
Stock-based compensation expense capitalized to property and equipment	\$ 172	\$ —





Forward-Looking Statements

This communication contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements give our current expectations or forecasts of future events, and give our current expectations or forecasts of future events. Words such as “may,” “will,” “should,” “could,” “would,” “predict,” “expect,” “potential,” “continue,” “intend,” “plan,” “anticipate,” “try,” “believe,” “estimate,” and similar expressions, as well as other statements in the future tense identify forward-looking statements. These forward-looking statements are based on our current assumptions, expectations and beliefs and involve substantial risks and uncertainties that may cause results, performance or achievements to materially differ from those expressed or implied by these forward-looking statements. Such forward-looking statements include statements regarding, among other things proposed products and services and related development efforts and activities; expectations of the current and future market for our goods and services; strategies and trends relating to sources of revenue streams; research and development; sufficiency of our liquidity; sources and uses of capital; and statements about our market, predictions, expectations, estimates, and forecasts for future economic performance. We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and potentially inaccurate assumptions. There are many factors that could introduce risk to the likelihood of such forward looking statements realizing the potential we expect. A detailed discussion of these factors and other risks that affect our business is included in filings we make with the Securities and Exchange Commission (SEC) from time to time, including our most recent annual report on Form 10-K, particularly under the heading “Risk Factors.” Copies of these filings are available online from the SEC or on the SEC Filings section of our Investor Relations website at www.nxuenergy.com. All forward-looking statements in this communication are based on information currently available to us, and we assume no obligation to update these forward-looking statements in light of new information or future events.

