

Q4

2023

SHAREHOLDER LETTER



investors.nxuenergy.com

+ Dear Shareholders,

In 2023, we started the year a newly minted public company focused on battery development and manufacturing, battery energy storage systems and EV charging infrastructure. We knew our focus in the energy ecosystem encompassed so much more than just vehicles, so we undertook an intense, comprehensive rebrand from Atlis Motor Vehicles to Nxu, in an effort to position ourselves as a comprehensive competitor in the industry and to more accurately communicate our innovation and vision for the future. Exiting 2023, with 2024 well underway, I'm incredibly proud of how the Nxu team weathered the challenges and celebrated the wins.

2023's challenging macroeconomic environment put a magnifying glass on our financial position, prompting us to pinpoint exactly where and how our product offerings should evolve to most expediently build shareholder value. At the same time, it was abundantly clear that the U.S. was heading toward an EV charging infrastructure cliff. With relentless focus and dedication, we repositioned the Company to prioritize the area of biggest consumer need: electric vehicle charging infrastructure. Our ability to quickly, nimbly innovate and problem-solve positions us to pave the way for America's highest EV ambitions.

2023 culminated in a fourth quarter of which we're incredibly proud. This was a key quarter in which we made progress on the design of our Quartzsite charging location; secured capital to fund our development and deployment objectives; and started producing our game-changing charging units. These remarkable accomplishments in Q4 of 2023 laid the foundation for a strong start to 2024, in which we made critical hires across marketing and real estate development and explored key, strategic partnerships.

We remain dedicated to 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.

We continue paving the (electrified) way.

Sincerely,



Mark Hanchett

Founder, CEO and Chairman, Nxu



THE WAY

FOR AN

ELECTRIFIED

FUTURE.

Seizing The Opportunity

Inadequate access to energy is a barrier to EV adoption, making adoption slow and inconvenient. Nxu is doing the work now that addresses the future where 48 million EVs are projected to be on U.S. roads by 2030. We need a more robust charging infrastructure that includes major highway corridors. We need grid resiliency. We need charging sites that prioritize the EV customer experience with amenities, pull-through scenarios, fast-charging and reliability. Nxu is prioritizing those needs in every decision we make.



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](#)

Q4

Q4 2023 showcased how Nxu's relentless focus on execution paid off with positive results. Quarter-over-quarter revenue growth, significant progress in the pursuit of electrifying America's highways, and financial stewardship, all played critical roles in Q4 and will continue to position the Company for success in 2024.

SECOND CONSECUTIVE QUARTER OF

Revenue Growth

In Q4, Nxu completed its EV battery components contract. Recognized along with other income like public EV charging, the Company saw quarter-over-quarter revenue growth.



MESA, AZ

Paid Public Charging

After launching public EV charging at the end of Q3, the speed, power and reliability demonstrated by Nxu's charger in Mesa, Ariz. encouraged repeat customers, with 11 MWh of power delivered in Q4.

FIRST COMMERCIAL CHARGING UNIT

Production Ready

Utilizing learnings and data from the public charging unit in Mesa, the Company manufactured and completed its first commercial EV charging unit in Q4.

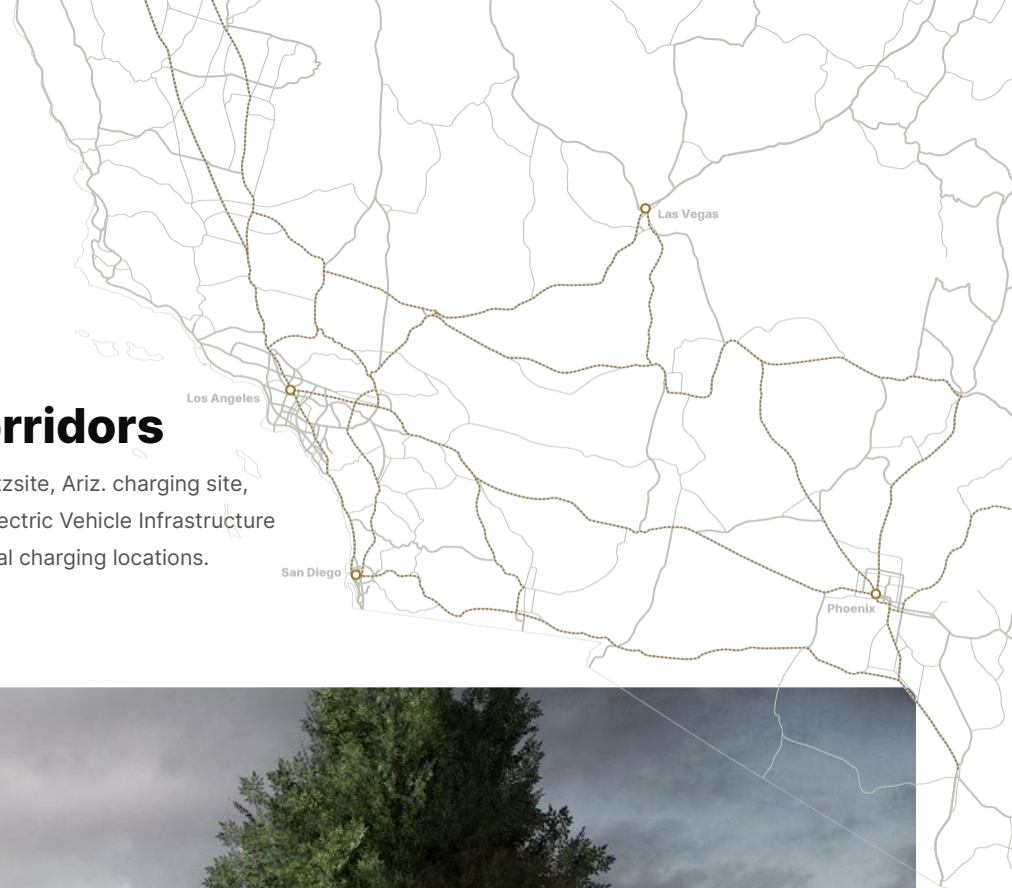


Q4

ELECTRIFYING

Major Highway Corridors

Nxu established design needs for its Quartzsite, Ariz. charging site, as well as took steps to pursue National Electric Vehicle Infrastructure (NEVI) grant funding to bootstrap additional charging locations.



Rendering of Nxu Quad

FINANCIAL

Stewardship

Leveraging capital markets, utilizing strategic investments, and executing on a detailed Nasdaq compliance plan enabled the Company to secure important funding to advance the Nxu mission and continue building value for the Company's shareholders, customers and team members. These activities included completing a \$3 million public offering, executing a strategic partnership with Lynx Motors and implementing an S-3 Shelf Registration.



2023

2023 required immense adaptability and tenacity. Undergoing a complete rebrand, refocusing the Company's strategy, navigating contracting capital markets and building the best team for the job, Nxu weathered 2023 and ended the year stronger than ever. We're pleased to share the highlights of this pivotal year.

ATLIS TO NXU

The Vision Still Holds

Rebranded, refocused, renewed outlook.

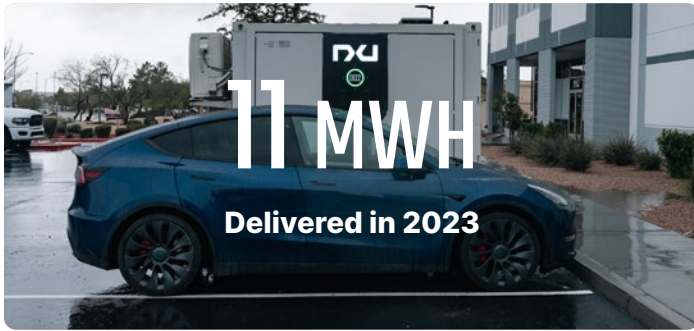
Nxu's focus on the energy ecosystem encompasses so much, so we undertook an intense, comprehensive rebrand from Atlis Motor Vehicles to Nxu, to showcase and more accurately communicate our innovation and vision for the future.



2023

Products & Offerings

Great products debuted and customers responded.



STRENGTHENING AN ALREADY

Strong Team

Nxu welcomed key team members in 2023.



CHIEF LEGAL OFFICER
Jordan Christensen



INTERIM CFO
Sarah Wyant



VP OF SOFTWARE
Srinivas Jathi



SR DIRECTOR OF ENGINEERING
Hilary Taylor

Board of Directors



JESSICA BILLINGSLEY
APPOINTED TO THE BOARD



MAJORITY OF DIRECTORS
ARE INDEPENDENT



MAJORITY OF DIRECTORS
ARE WOMEN

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

	December 31, 2023	December 31, 2022
Assets		
Current Assets:		
Cash	\$ 2,846	\$ 2,701
Prepaid expenses and other current assets	999	868
Inventory	—	98
Notes receivable from related party	250	—
Total current assets	4,095	3,667
Property and equipment, net	3,865	2,441
Right-of-use assets	1,507	798
Investment in Lynx	3,000	—
Intangible assets, net	20	10
Other assets	772	122
Total assets	\$ 13,259	\$ 7,038
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 3,371	\$ 3,219
Variable share settled restricted stock units	1,334	—
Current portion of operating lease liability	864	344
Other current liabilities	40	680
Total current liabilities	5,609	4,243
Lease liability, net of current portion	688	558
Convertible debt and warrant liability, at fair value	65	11,285
Other long-term liabilities	233	-
Total liabilities	6,595	16,086
Commitments and contingencies		
Stockholders' Equity (Deficit):		
Class A Common Stock, par value \$0.0001; 4,000,000,000 shares authorized; 2,563,288 issued and outstanding as of December 31, 2023; 65,093 issued and outstanding as of December 31, 2022	—	—
Class B Common Stock, par value \$0.0001; 1,000,000,000 authorized; 243,503 issued and outstanding at December 31, 2023; 0 issued and outstanding at December 31, 2022	—	—
Series A Convertible Preferred Stock, par value \$0.0001; 5,000 shares authorized; 1,000 issued and outstanding at December 31, 2023; 0 issued and outstanding at December 31, 2022	—	—
Additional paid-in capital	266,302	210,412
Accumulated deficit	(259,638)	(219,460)
Total stockholders' equity (deficit)	6,664	(9,048)
Total liabilities and stockholders' equity (deficit)	\$ 13,259	\$ 7,038

See accompanying notes to consolidated financial statements.

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

	Years Ended December 31,	
	2023	2022
Revenue	\$ 496	\$ —
Cost of revenue	1,015	—
Depreciation	14	—
Total cost of revenue	1,029	—
Gross loss	(533)	—
Operating expenses:		
Stock-based compensation	19,710	42,346
Research and development	11,310	10,375
General and administrative	15,529	11,626
Advertising	319	5,297
Total operating expenses	46,868	69,644
Operating loss	(47,401)	(69,644)
Other income (expense):		
Interest expense	(73)	(7)
Paycheck protection program forgiveness	—	397
Gain/(loss) on sale or disposal of property and equipment	18	(152)
Warrant expense	(1,020)	—
Gain/(loss) on convertible debt and warrant liability	8,265	(2,285)
Other income	33	166
Total other income (expense), net	7,223	(1,881)
Net loss	\$ (40,178)	\$ (71,525)
Loss per share, basic and diluted	\$ (72.16)	\$ (1,347.65)
Weighted average number of common shares outstanding used in computing loss per share:	556,826	53,074

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

	Common Stock						Series A Convertible Preferred Stock		Additional Paid-in Capital	Accumulated (Deficit)	Total
	Class A		Class C		Class B		Shares	Amount			
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2021	45,698	\$ —	34	\$ —	171,503	\$ —	—	\$ —	\$ 151,737	\$ (147,935)	\$ 3,802
Class A common stock issued for cash	16,504	—	—	—	—	—	—	—	15,302	—	15,302
Class B common stock issued	—	—	—	—	36,000	—	—	—	—	—	—
Stock-based compensation	1,133	—	—	—	—	—	—	—	42,452	—	42,452
Shares issued for services and rent guarantees	1,010	—	34	—	—	—	—	—	89	—	89
Exchange of Class C to Class A common stock	500	—	(68)	—	—	—	—	—	572	—	572
Exercise of stock options	248	—	—	—	—	—	—	—	260	—	260
Net loss	—	—	—	—	—	—	—	—	—	(71,525)	(71,525)
Balance at December 31, 2022	65,093	\$ —	—	\$ —	207,503	\$ —	—	\$ —	\$ 210,412	\$ (219,460)	\$ (9,048)
Class A common stock issued for cash	730,425	—	—	—	—	—	—	—	8,784	—	8,784
Class A common stock issued for cash under ATM	981,283	—	—	—	—	—	—	—	3,277	—	3,277
Shares adjustment after reverse stock split	10,002	—	—	—	—	—	—	—	—	—	—
Class B common stock issued	—	—	—	—	36,000	—	—	—	—	—	—
Issuance of Series A Convertible Preferred Stock	—	—	—	—	—	1,000	—	—	3,000	—	3,000
Stock-based compensation	—	—	—	—	—	—	—	—	18,844	—	18,844
Common stock issued under stock compensation plans	136,494	—	—	—	—	—	—	—	—	—	—
Shares issued for services	973	—	—	—	—	—	—	—	106	—	106
Forfeitures of restricted stock and restricted stock surrendered in lieu of withholding taxes	(1,081)	—	—	—	—	—	—	—	(32)	—	(32)
Exercise of warrants	53,513	—	—	—	—	—	—	—	3,519	—	3,519
Warrant modification from liability to equity	—	—	—	—	—	—	—	—	222	—	222
Exercise of stock options	520	—	—	—	—	—	—	—	547	—	547
Conversion of long term debt to equity	359,399	—	—	—	—	—	—	—	17,623	—	17,623
Stock-based commitment fee	226,667	—	—	—	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	—	—	(40,178)	(40,178)
Balance at December 31, 2023	2,563,288	\$ —	—	\$ —	243,503	\$ —	1,000	\$ —	\$ 266,302	\$ (259,638)	\$ 6,664

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

	Years Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (40,178)	\$ (71,525)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	689	348
Employee stock-based compensation	19,710	42,346
Non-employee stock-based compensation	106	768
Non-cash warrant expense	1,020	—
Paycheck Protection Loan Program	—	(397)
Net change in operating lease assets and liabilities	(59)	(22)
Loss on write-off of inventory	896	—
(Gain)/loss on the sale or disposal of property and equipment	(18)	152
(Gain)/loss on fair value of convertible debt and warrant liability	(8,265)	2,285
Changes in assets and liabilities:		
Prepaid expenses and other current assets	(130)	(578)
Note receivable from related party	(250)	—
Inventory	(784)	(98)
Other assets	(650)	64
Accounts payable and accrued liabilities	212	2,731
Other current liabilities	(523)	476
Other long-term liabilities	233	—
Net cash used in operating activities	<u>(27,991)</u>	<u>(23,450)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(2,217)	(1,787)
Capitalized patent costs	(12)	—
Proceeds from the sale of property and equipment	559	230
Net cash used in investing activities	<u>(1,670)</u>	<u>(1,557)</u>
Cash flows from financing activities:		
Proceeds from public offering, net of equity offering costs	21,209	15,302
Proceeds from ATM, net of offering costs	3,277	—
Proceeds from the issuance of convertible debt	7,330	9,000
Payments on convertible debt	(2,367)	—
Payments on financing lease liability	(158)	—
Proceeds from the exercise of stock options	547	260
Tax withholdings related to restricted stock units and awards	(32)	—
Net cash provided by financing activities	<u>29,806</u>	<u>24,562</u>
Net decrease in cash	145	(445)
Cash, beginning of period	2,701	3,146
Cash, end of period	<u>\$ 2,846</u>	<u>\$ 2,701</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 1	\$ —
Cash paid for interest	\$ 6	\$ 7
Supplemental disclosure of non-cash investing and financing activities:		
Debt converted to equity	\$ 18,063	\$ —
Issuance of Series A Convertible Preferred stock for investment in Lynx	\$ 3,000	\$ —
Operating lease right-of-use asset obtained in exchange for operating lease liability	\$ 1,263	\$ —
Capital expenditures included in accounts payable and other accrued liabilities	\$ 204	\$ 232
Stock-based compensation expense capitalized to property and equipment	\$ 490	\$ —
Incremental expense on Class C to Class A stock exchange	\$ —	\$ 572

NXU, INC. AND SUBSIDIARIES
Supplemental Quarterly Data
(Dollars in thousands)

	Quarters Ended		Change	% Change
	September 30, 2023	December 31, 2023		
	<i>(Unaudited)</i>	<i>(Unaudited)</i>		
Revenue	\$ 117	\$ 379	\$ 262	224%
Cost of revenue	1,013	2	(1,011)	-100%
Depreciation	1	13	12	1200%
Total cost of revenue	1,014	15	(999)	-99%
Gross profit (loss)	(897)	364	1,261	-141%
Operating expenses:				
Stock-based compensation	4,689	3,404	(1,285)	-27%
Research and development	2,241	620	(1,621)	-72%
General and administrative	4,810	2,721	(2,089)	-43%
Advertising	104	35	(69)	-66%
Total operating expenses	11,844	6,780	(5,064)	-43%
Operating loss	(12,741)	(6,416)	6,325	-50%
Other income, net	1,790	4,210	2,420	135%
Net loss	\$ (10,951)	\$ (2,206)	\$ 8,745	-80%

+ 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.