

Risk Factors Comparison 2024-03-29 to 2023-04-03 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

Our warrant agreement designates the courts of the State of New York or the United States District Court for the Southern District of New York as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by holders of our warrants, which could limit the ability of warrant holders to obtain a favorable judicial forum for disputes with our Company. Our warrant agreement provided that, subject to applicable law, (i) any action, proceeding or claim against us arising out of or relating in any way to the warrant agreement, including under the Securities Act, will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and (ii) that we irrevocably submit to such jurisdiction, which jurisdiction shall be the exclusive forum for any such action, proceeding or claim. We have waived any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Notwithstanding the foregoing, these provisions of the warrant agreement will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum. Any person or entity purchasing or otherwise acquiring any interest in any of our warrants shall be deemed to have notice of and to have consented to the forum provisions in our warrant agreement. If any action, the subject matter of which is within the scope of the forum provisions of the warrant agreement, is filed in a court other than a court of the State of New York or the United States District Court for the Southern District of New York (a “ NY foreign action ”) in the name of any holder of our warrants, such holder shall be deemed to have consented to: (x) the personal jurisdiction of the state and federal courts located in the State of New York in connection with any action brought in any such court to enforce the forum provisions (a “ NY enforcement action ”), and (y) having service of process made upon such warrant holder in any such NY enforcement action by service upon such warrant holder’s counsel in the NY foreign action as agent for such warrant holder. This choice- of- forum provision may limit a warrant holder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with our Company, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our warrant agreement inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors. Our public and private warrants are accounted for as derivative liabilities and are recorded at fair value upon issuance with changes in fair value each period reported in earnings, which may have an adverse effect on the market price of our Class A ordinary shares or may make it more difficult for us to consummate an initial business combination. We have issued 20, 700, 000 public warrants as part of the units in our initial public offering. We have also issued, simultaneously with the closing of our initial public offering, 11, 360, 000 private placement warrants and, in connection with our sponsor exercising its option to extend the period of time we will have to complete an initial business combination, an additional 7, 360, 000 private placement warrants. We account for the warrants underlying the units ~~offered by this Report~~ **issued in our initial public offering** as a warrant liability. At each reporting period (1) the accounting treatment of the warrants will be re- evaluated for proper accounting treatment as a liability or equity and (2) the fair value of the liability of the public warrants will be remeasured and the change in the fair value of the liability will be recorded as other income (expense) in our income statement. The impact of changes in fair value on earnings may have an adverse effect on the market price of our Class A ordinary shares. In addition, potential targets may seek a special purpose acquisition company (“ SPAC ”) that does not have warrants that are accounted for as a liability, which may make it more difficult for us to consummate an initial business combination with a target business. **46** Because we are incorporated under the laws of the Cayman Islands, you may face difficulties in protecting your interests through the U. S. federal courts, and your ability to protect your rights through the U. S. federal courts may be limited. We are an exempted company incorporated under the laws of the Cayman Islands. As a result, it may be difficult for investors to effect service of process within the United States upon our directors or officers, or enforce judgments obtained in the United States courts against our directors or officers. Our corporate affairs are governed by our amended and restated memorandum and articles of association, the Companies Act (as the same may be supplemented or amended from time to time) and the common law of ~~48~~ the Cayman Islands. We are also subject to the federal securities laws of the United States. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, the decisions of whose courts are of persuasive authority, but are not binding on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are different from what they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a different body of securities laws as compared to the United States, and certain states, such as Delaware, may have more fully developed and judicially interpreted bodies of corporate law. In addition, Cayman Islands companies may not have standing to initiate a shareholders derivative action in a federal court of the United States. We have been advised that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the federal securities laws of the United States or any state; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the federal securities laws of the United States or any state, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory

enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere. As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a United States company. Provisions in our amended and restated memorandum and articles of association may inhibit a takeover of us, which could limit the price investors might be willing to pay in the future for our Class A ordinary shares and could entrench management. Our amended and restated memorandum and articles of association contain provisions that may discourage unsolicited takeover proposals that shareholders may consider to be in their best interests. These provisions include a staggered board of directors, the ability of the board of directors to designate the terms of and issue new series of preference shares and the fact that prior to the completion of our initial business combination only 47 holders of our Class B ordinary shares, which are held by our initial shareholders, are entitled to vote on the appointment of directors and holders of a majority of the outstanding Class B ordinary shares may remove members of our board of directors for any reason, each of which may make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities. A shareholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against officers and directors pursuant to our indemnification obligations. We are party to agreements with our directors and officers that provide contractual indemnification in addition to the indemnification provided for in our amended and restated memorandum and articles of association. A shareholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against officers and directors pursuant to such indemnification provisions.

Risks Relating to Acquiring and Operating a Business in Foreign Countries Our initial business combination or reincorporation may result in taxes imposed on shareholders or warrant holders. We may, subject to requisite shareholder approval under the Companies Act, effect a business combination with a target company in another jurisdiction, reincorporate in the jurisdiction in which the target company or business is located or in another jurisdiction. The transaction may require a shareholder or warrant holder to recognize taxable income or otherwise subject it to adverse tax consequences in the jurisdiction in which the shareholder or warrant holder is a tax resident or in which its members are resident if it is a tax transparent entity. We do not intend to make any cash distributions to shareholders or warrant holders to pay such taxes. Shareholders may be subject to withholding taxes, other taxes or other adverse tax consequences with respect to their ownership of us after the reincorporation. We may be a passive foreign investment company ("PFIC"), which could result in adverse U. S. federal income tax consequences to U. S. investors. If we are a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U. S. holder of our Class A ordinary shares or warrants, the U. S. holder may be subject to adverse U. S. federal income tax consequences and may be subject to additional reporting requirements. Our PFIC status for our current and subsequent taxable years may depend on whether we qualify for the PFIC start-up exception. Depending on the particular circumstances the application of the start-up exception may be subject to uncertainty, and there cannot be any assurance that we will qualify for the start-up exception. Accordingly, there can be no assurances with respect to our status as a PFIC for our current taxable year or any subsequent taxable year. Our actual PFIC status for any taxable year, moreover, will not be determinable until after the end of such taxable year. If we determine we are a PFIC for any taxable year, upon written request, we will endeavor to provide to a U. S. holder such information as the Internal Revenue Service ("IRS") may require, including a PFIC Annual Information Statement, in order to enable the U. S. holder to make and maintain a "qualified electing fund" election. However, there is no assurance that we will timely provide such required information or that we will continue to endeavor to provide such information following an initial business combination. Such election would be unavailable with respect to our warrants in all cases. We urge U. S. investors to consult their tax advisors regarding the possible application of the PFIC rules. If we effect our initial business combination with a company located outside of the United States, we would be subject to a variety of additional risks that may adversely affect us. If we pursue a target company with operations or opportunities outside of the United States for our initial business combination, we may face additional burdens in connection with investigating, agreeing to and completing such initial business combination, and if we effect such initial business combination, we would be subject to a variety of additional risks that may negatively impact our operations. 48 If we pursue a target company with operations or opportunities outside of the United States for our initial business combination, we would be subject to risks associated with cross-border business combinations, including in connection with investigating, agreeing to and completing our initial business combination, conducting due diligence in a foreign jurisdiction, having such transaction approved by any local governments, regulators or agencies and changes in the purchase price based on fluctuations in foreign exchange rates. 50 If we effect our initial business combination with such a company, we would be subject to any special considerations or risks associated with companies operating in an international setting, including any of the following: • higher costs and difficulties inherent in managing cross-border business operations and complying with different commercial and legal requirements of overseas markets; • rules and regulations regarding currency redemption; • complex corporate withholding taxes on individuals; • laws governing the manner in which future business combinations may be effected; • exchange listing and / or delisting requirements; • tariffs and trade barriers ; • regulations related to customs and import / export matters; • local or regional economic policies and market conditions; • unexpected changes in regulatory requirements; • challenges in managing and staffing international operations; • longer

payment cycles; • tax issues, such as tax law changes and variations in tax laws as compared to the United States; • currency fluctuations and exchange controls; • rates of inflation; • challenges in collecting accounts receivable; • cultural and language differences; • employment regulations; • underdeveloped or unpredictable legal or regulatory systems; • corruption; • protection of intellectual property; • social unrest, crime, strikes, riots and civil disturbances; • regime changes and political upheaval; • terrorist attacks, natural disasters and wars; and • deterioration of political relations with the United States; and • government appropriations of assets. We may not be able to adequately address these additional risks. If we were unable to do so, we may be unable to complete such initial business combination, or, if we complete such initial business combination, our operations might suffer, either of which may adversely impact our business, financial condition and results of operations. **49** If our management following our initial business combination is unfamiliar with United States securities laws, they may have to expend time and resources becoming familiar with such laws, which could lead to various regulatory issues. Following our initial business combination, our management may resign from their positions as officers or directors of the Company and the management of the target business at the time of the business combination will ~~51~~ remain in place. Management of the target business may not be familiar with United States securities laws. If new management is unfamiliar with United States securities laws, they may have to expend time and resources becoming familiar with such laws. This could be expensive and time- consuming and could lead to various regulatory issues which may adversely affect our operations. After our initial business combination, substantially all of our assets may be located in a foreign country and substantially all of our revenue will be derived from our operations in such country. Accordingly, our results of operations and prospects will be subject, to a significant extent, to the economic, political and legal policies, developments and conditions in the country in which we operate. The economic, political and legal policies, developments and conditions, as well as government policies, of the country in which our operations are located could affect our business. Economic growth could be uneven, both geographically and among various sectors of the economy and such growth may not be sustained in the future. If in the future such country's economy experiences a downturn or grows at a slower rate than expected, there may be less demand for spending in certain industries. A decrease in demand for spending in certain industries could materially and adversely affect our ability to find an attractive target business with which to consummate our initial business combination and if we effect our initial business combination, the ability of that target business to become profitable. Exchange rate fluctuations and currency policies may cause a target business' ability to succeed in the international markets to be diminished. In the event we acquire a non- U. S. target, all revenues and income would likely be received in a foreign currency, and the dollar equivalent of our net assets and distributions, if any, could be adversely affected by reductions in the value of the local currency. The value of the currencies in our target regions fluctuate and are affected by, among other things, changes in political and economic conditions. Any change in the relative value of such currency against our reporting currency may affect the attractiveness of any target business or, following consummation of our initial business combination, our financial condition and results of operations. Additionally, if a currency appreciates in value against the dollar prior to the consummation of our initial business combination, the cost of a target business as measured in dollars will increase, which may make it less likely that we are able to consummate such transaction. We may reincorporate in another jurisdiction in connection with our initial business combination, and the laws of such jurisdiction may govern some or all of our future material agreements and we may not be able to enforce our legal rights. In connection with our initial business combination, we may relocate the home jurisdiction of our business from the Cayman Islands to another jurisdiction. If we determine to do this, the laws of such jurisdiction may govern some or all of our future material agreements. The system of laws and the enforcement of existing laws in such jurisdiction may not be as certain in implementation and interpretation as in the United States. The inability to enforce or obtain a remedy under any of our future agreements could result in a significant loss of business, business opportunities or capital. **50** General Risk Factors We are a company with no operating history and no revenues, and you have no basis on which to evaluate our ability to achieve our business objective. We are a company with no operating results. Because we lack an operating history, you have no basis upon which to evaluate our ability to achieve our business objective of completing our initial business combination with one or more target businesses. We have no plans, arrangements or understandings with any prospective target business concerning a business combination and may be unable to complete our initial business combination. If we fail to complete our initial business combination, we will never generate any operating revenues. ~~52~~ Past performance by our management team and their respective affiliates may not be indicative of future performance of an investment in us. Information regarding performance by, or businesses associated with our management team and their respective affiliates, including Kensington Capital Acquisition Corp. (“Kensington SPAC I”), Kensington Capital Acquisition Corp. II (“Kensington SPAC II”) and Kensington Capital Acquisition Corp. IV (“Kensington SPAC IV”), is presented for informational purposes only. Past performance by our management team and their respective affiliates, including with respect to Kensington SPAC I, Kensington SPAC II and Kensington SPAC IV is not a guarantee either (i) that we will be able to identify a suitable candidate for our initial business combination or (ii) of success with respect to any business combination we may consummate. You should not rely on the historical record of our management team's and their respective affiliates' performance, including with respect to Kensington SPAC I, Kensington SPAC II and Kensington SPAC IV, as indicative of our future performance of an investment in us or the returns we will, or are likely to, generate going forward. In addition, an investment in us is not an investment in any other entities affiliated with our management team. Furthermore, our sponsor was formed for the sole purpose of holding securities of our Company with no operational or historical record. Notwithstanding the foregoing, if any business in which members of our management team were previously, are now or in the future become, affiliated or otherwise associated with are subject to events that detrimentally impact its reputation or results of operations or otherwise do not perform as expected, such events, results or performance may be detrimental to our representation and thus may negatively affect our ability to complete an initial business combination. We are an emerging growth company and a smaller reporting company within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to emerging growth companies and smaller reporting companies, this could make our securities less attractive to investors and

may make it more difficult to compare our performance with other public companies. We are an “ emerging growth company ” within the meaning of the Securities Act, as modified by the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As a result, our shareholders may not have access to certain information they may deem important. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our ordinary shares held by non- affiliates equals or exceeds \$ 700 million as of the end of any second quarter of a fiscal year, in which case we would no longer be an emerging growth company as of the end of such fiscal year. We cannot predict whether investors will find our securities less attractive because we will rely on these exemptions. If some investors find our securities less attractive as a result of our reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile. **51** Further, Section 102 (b) (1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non- emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the ~~53~~ new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used. Additionally, we are a “ smaller reporting company ” as defined in Item 10 (f) (1) of Regulation S- K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (1) the market value of our ordinary shares held by non- affiliates equals or exceeds \$ 250 million as of the end of that year’ s second fiscal quarter, and (2) our annual revenues equaled or exceeded \$ 100 million during such completed fiscal year or the market value of our ordinary shares held by non- affiliates equals or exceeds \$ 700 million as of the end of that year’ s second fiscal quarter. To the extent we take advantage of such reduced disclosure obligations, it may also make comparison of our financial statements with other public companies difficult or impossible. We employ a mail forwarding service, which may delay or disrupt our ability to receive mail in a timely manner. Mail addressed to the Company and received at its registered office will be forwarded unopened to the forwarding address supplied by Company to be dealt with. None of the Company, its directors, officers, advisors or service providers (including the organization which provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address, which may impair your ability to communicate with us. Item 1B. Unresolved Staff Comments. Not applicable. Item **1C.**

Cybersecurity. We are a special purpose acquisition company with no business operations. Since our initial public offering, our sole business activity has been identifying and evaluating suitable acquisition transaction candidates. Therefore, we do not consider that we face significant cybersecurity risk and have not adopted any cybersecurity risk management program or formal processes for assessing cybersecurity risk. Our board of directors is generally responsible for the oversight of risks from cybersecurity threats, if any. We have not encountered any cybersecurity incidents since our initial public offering. Item 2. Properties. Our executive offices are located at 1400 Old Country Road, Suite 301, Westbury, New York 11590 and our telephone number is (703) 674- 6514. Our executive offices are provided to us by an affiliate of our sponsor. We consider our current office space adequate for our current operations. **52** ~~Item 3. Legal Proceedings. None. Item 4. Mine Safety Disclosures. Not applicable. 54~~