

Risk Factors Comparison 2024-02-27 to 2023-03-16 Form: 10-K

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We have identified the following risks and uncertainties that may have a material adverse effect on our business, financial condition, results of operations or reputation. The risks described below are not the only risks we face. Additional risks not presently known to us or that we currently believe are not material may also significantly affect our business, financial condition, results of operations or reputation. Our business could be harmed by any of these risks. The risk factors described below should be read together with the other information set forth in this Annual Report, including our consolidated financial statements and the related notes, as well as in other documents that we file with the SEC. Risks Relating to Our Business and Technology We face significant challenges in developing a Li- metal battery that can be commercialized for use in EVs and other applications, and the pace of development is often unpredictable and subject to delays. To our knowledge, Li- Metal batteries have never been successfully used in automobiles. Li- Metal batteries have been successfully used for other applications, but their use in other vehicles, including eVTOLs **UAM**, has been limited thus far. We are still in the development stages for our Li- Metal batteries and face significant scientific challenges that will need to be solved prior to commercializing our Li- Metal batteries for use in EVs and other applications such as eVTOLs **UAM**. If we are not able to overcome these challenges, our Li- Metal batteries may not be able to be commercialized and our business may fail. In particular, we need to build Li- Metal battery cells which meet OEM requirements for use in EVs **and UAM**. While we have been making progress toward these requirements, significant engineering and mechanical barriers remain which must be solved before our Li- Metal batteries will meet OEM requirements. It is difficult to predict with certainty the pace of scientific development which will allow us to solve these challenges, and delays in meeting these challenges, or the introduction of new, unforeseen challenges, could impact the timing of the commercialization of our Li- Metal batteries, or our ability to reach commercialization at all. We have a history of no revenues and of net losses ~~and~~ expect to continue to incur losses for the foreseeable future. While we expect to become profitable eventually, our projections are based on internal assumptions that may prove incorrect, and we may never achieve or maintain profitability. We incurred net losses of approximately \$ **53.4 million**, \$ 51.0 million, **and** \$ 31.3 million, ~~and~~ \$ 13.9 million for the years ended December 31, **2023**, ~~2022~~ ~~and~~ ~~2021~~ ~~and~~ ~~2020~~, and had an accumulated deficit of approximately \$ **198.7 million and** \$ 145.3 million ~~and~~ \$ 94.3 million from our inception through December 31, **2023 and** ~~2022~~ ~~and~~ ~~2021~~, respectively. As discussed in “Business- Our Technology,” to date, we have only validated the capabilities of our Li- Metal battery cell technology and have not produced Li- Metal batteries for sale. As a result, we have yet to generate any revenue from our business operations, and since inception, we have not achieved profitable operations or positive cash flows from our operations. Our plan is to achieve the development and initial production of B- Sample batteries in ~~2023~~ **2024** and C- Sample batteries in ~~2024~~ **2026**, which we expect to enable us to commence commercial production of our technology in ~~2025~~ **2027**. For more information, see “**Part I, Item 1.** Business — Our Growth Strategy.” As a result, we believe that we will continue to incur operating and net losses each quarter until at least ~~2026~~ **2028**, the year following the one in which we expect to begin generating revenue as part of the commercialization of our Li- Metal battery technology. This plan and the related revenue and other financial projections reflect current estimates of future performance, based on certain financial and operational assumptions. Given our limited operating history, there can be no assurance that the actual results will be in line with our expectations. As discussed in other risk factors in this section, factors that could impact the timing and levels of our profitability include, but are not limited to: our ability to solve the scientific engineering and mechanical challenges to commercialize our products; the level of demand for our products; the performance of our products; the projected supply materials for our products; a reduction in the cost of Li- ion; average selling prices of EVs and our products; projected production capacities of our facilities; our collaboration with OEMs; the projected gross margin achievable upon sale of our products; and the extent to which growth of EV markets and continued shift in consumer preference will conform with projections. Additionally, we expect the rate at which we will incur losses to be significantly higher in future periods as we, among other things, continue to incur significant expenses in connection with the design, development and manufacturing of our batteries, including any significant unplanned or accelerated expenses and new strategic investments to expand our research and development activities in science, ~~engineering~~ **engineering**, and technician personnel; invest in manufacturing capabilities; build up inventories of components for our batteries; invest in supply chain; increase our sales and marketing activities; develop our distribution infrastructure; and increase our general and administrative functions to support our growing operations. We may find that these efforts are more expensive than we currently anticipate or that these efforts may not result in revenues, which would further increase our losses, thus affecting the value of your investment. We will need substantial additional capital in the future to fund our business ~~and~~ may be unable to meet our future capital requirements, impairing our financial position and results of operations. The development, design, manufacture and sale of batteries is a capital- intensive business. We expect to sustain substantial operating expenses, without generating sufficient revenues to cover expenditures, for a number of years. To date, we have funded our operations through a combination of proceeds from the Business Combination and PIPE Financing and funding received through the sales of our redeemable convertible preferred stock. These funds are expected to finance our principal sources of liquidity and ongoing costs, such as research and development relating to our Li- Metal batteries and the construction of additional manufacturing facilities. In the future, if we are not able to fund our operations from cash flows generated from anticipated product sales, we expect that we will need to raise additional funds through a variety of possible methods, including, but not limited to, entry into joint ventures or other strategic arrangements, issuance of equity, equity-related or debt securities or through obtaining credit from financial institutions, as well as anticipated future revenue from

product sales. We believe that our cash on hand and marketable securities will be sufficient to meet our working capital and capital expenditure requirements for a period of at least 12 months from the date of this Report, and also sufficient to fund us to commercialization. However, additional funding may be required for a variety of reasons, including opportunities to build an integrated supply chain in the United States and delays in expected development of our Li- Metal battery cells. Our ability to successfully develop our products, commence commercial ~~12~~operations-- **operations** and expand our business will depend on many factors, including our working capital needs, the availability of equity and / or debt financing and, over time, our ability to generate positive cash flows from operations. We cannot be certain that additional capital will be available on attractive terms, if at all, when needed, which could be dilutive to stockholders. We may be forced to decrease our level of investment in product development or scale back our operations, which could have an adverse impact on our business and financial prospects. Furthermore, the cost of debt could be higher than anticipated, which could negatively affect our earnings. Our Li- Metal technology is untested in actual EVs --and may ultimately prove unworkable. The results of third- party tests show that our multi- layer cells meet or exceed the preliminary OEM target requirements for energy density, low temperature discharge, room temperature fast charge and discharge, cycle life and safety. Additionally, Li- Metal is widely considered and accepted as the EV battery technology capable of achieving the highest energy density. However, we have not produced Li- Metal batteries for use by an actual EV, and no one has successfully demonstrated use of high energy density Li- Metal batteries in EVs. Our Li- Metal battery cell technology may prove unworkable when used in actual EVs, which would substantially undercut our business, operating results, financial condition and prospects, and could effectively eliminate the value of your investment. **12The market for UAM, and for use of Li- Metal technology in UAM applications, is still emerging, and may not achieve the growth potential we expect. The UAM market is still emerging, and it is uncertain to what extent market acceptance of UAM will grow, if at all. The market is new and rapidly evolving, characterized by rapidly changing technologies and evolving government regulation and industry standards. To our knowledge, there is no market standard battery technology for use in UAM applications. There can be no assurance that, even if the UAM market grows significantly, Li- Metal will emerge as a preferred battery technology for use in UAM applications. The success of our ability to sell Li- Metal batteries for use in UAM applications will depend on the growth and acceptance of UAM generally and the results of testing and certifications for use of our batteries in UAM applications. If the UAM market does not develop as we expect, our-- or if our Li- Metal batteries fail to do not perform as expected during testing for use in UAM applications , it could materially adversely affect our business, operating results, financial condition and prospects. If our batteries fail to perform as expected** our ability to develop, market and sell our batteries could be harmed. Once commercial production of our Li- Metal battery technology commences, our batteries may contain defects in design and manufacture that may cause them to not perform as expected or that may require repairs, recalls, and design changes. Our battery cells are inherently complex and incorporate technology and components that have not been used for other applications and that may contain defects and errors, particularly when first introduced. For more information, see “ **Part I, Item 1.** Business — Our Technology. ” Due to our limited operating history, we have a restricted frame of reference from which to evaluate the long- term performance of our Li- Metal batteries. There can be no assurance that we will be able to detect and fix any defects in our batteries prior to the sale to potential consumers. If our batteries fail to perform as expected, customers may delay deliveries, terminate further orders or initiate product recalls, each of which could adversely affect our sales and brand and could adversely affect our business, financial condition, operating results and prospects. We are unable to predict user behavior when driving EVs with Li- Metal technology. While conventional Li- ion battery technology has been tested in many applications for several decades, Li- Metal batteries have yet to be commercialized for use in EVs. Even if we work with OEMs to thoroughly test Li- Metal cells using pre- determined conditions, there is no guarantee that users in the field will not drive outside of recommended driving conditions and unintentionally abuse the batteries. In such events, performance and safety may be compromised, thus having a materially negative impact on our business, financial condition, operating results and prospects. Delays in the pre- manufacturing development of our battery cells could adversely affect our business and prospects. We have entered into JDAs with **major OEMs GM, Hyundai and Honda** to jointly develop ~~A Sample~~Li- Metal batteries, with the expectation that such development will culminate in the widespread use of our technology in future EVs with these major OEMs, and eventually with other large OEMs. For more information, see “ **Part I, Item 1.** Business — Our Partnerships. ” However, as we are still in the developmental stages with each of **these OEMs GM, Hyundai and Honda**, we do not currently have existing arrangements to produce our Li- Metal cells for their vehicles, and production- ready models of our batteries will not be available until sufficiently tested and approved for inclusion in future OEMs’ EVs. Each time we produce a battery with a higher output, the product must undergo extensive pre- manufacturing development and testing. Anything that delays the consistent development and testing of pre- manufacturing battery cells samples at increasingly higher outputs, such as technology or engineering issues, could alter our prospects and adversely affect our business. We may not be able to engage target OEM customers successfully and to convert such contacts into meaningful orders in the future. Our success, and our ability to increase revenue and operate profitably, depends in part on our ability to identify OEM target customers and convert such contacts into meaningful orders or expand on current customer relationships. In some cases, our battery cells may be delivered to certain customers on a sampling basis, where they have the ability to evaluate whether our products meet their performance requirements before committing to joint development and meaningful orders. Our ongoing success depends on whether our target customers are willing to begin and continue using our battery technology, as well as whether their product lines continue to incorporate our products. Thus, our efforts to expand our manufacturing and sales to ~~GM, Hyundai and Honda (with whom we have JDAs) or to other~~OEMs may not be ~~13successful--~~ **successful**, and may never result in products that achieve market acceptance, create additional revenue or become profitable, thus harming our financial results and prospects. Our research and development efforts strive to create products that are on the cutting edge of technology and **are** meeting the evolving requirements of our customers, but competition in our industry is high. To secure acceptance of our products, we must also constantly develop and introduce cost- effective,

increasingly more scalable Li- Metal batteries with enhanced functionality and performance to meet evolving industry standards. If we are unable to retain target customers, or convert early trial deployments into meaningful orders, our ~~business~~ **business**, financial condition, operating results and prospects could be materially adversely affected. In addition, we may not receive adequate assistance from OEMs to commercialize our products successfully, which could impair our results of operations. If we are unable to integrate our products into EVs manufactured by OEM customers, our results of operations could be impaired. Our batteries ~~are will be~~ composed of modules assembled from battery cells, which we produce and intend to manufacture at scale. OEMs often require unique configurations or custom designs for batteries for their EVs. Once we enter into contracts with OEMs to produce batteries for their EVs, we expect to tailor the design of our batteries specifically to the EVs that these OEM customers manufacture. This development process requires not only substantial lead time between the commencement of design efforts for customized batteries and the commencement of volume shipments of the battery cells to the customer, but also the cooperation and assistance of the OEMs in order to determine the requirements for each specific application. Technical problems may arise that affect the acceptance of our product by the OEMs. If we are unable to design and develop products that meet the OEMs' requirements, we may lose opportunities to obtain purchase orders, and our reputation and prospects may be damaged. We may not be able to establish new, or maintain existing, supply relationships for necessary raw materials, components or equipment or may be required to pay costs for raw materials, components or equipment that are more expensive than anticipated, which could delay the introduction of our product and negatively impact our business. Currently, we are in product development and our product design has yet to be finalized, so our volume demand is limited, and we do not have long-term supply arrangements. As volume demand grows, we expect to negotiate long- term supply contracts. For our current product development needs, we source from third- party suppliers for raw materials, components and equipment necessary to develop and manufacture our Li- Metal battery cells. For more information, see “ **Part I, Item 1. Business — Our Suppliers.** ” To the extent that, when our volume demand so requires, if we are unable to enter into long- term agreements with our current or future suppliers on beneficial terms, or such suppliers experience difficulties ramping up their supply to meet our long- term requirements at reasonable cost, we may need to seek alternative sources for necessary raw materials, components or equipment necessary to develop and manufacture our Li- Metal battery cells, produce the raw materials or additional components in- house, or redesign our proposed products to accommodate available substitutes. To the extent that our suppliers experience any delays in providing or developing their products, we could also experience delays in delivering on our timelines. Moreover, the price of raw materials, components and equipment could fluctuate significantly due to circumstances beyond our control. Substantial increases in prices would increase our operating costs and negatively impact our prospects. Any disruption in supply could also temporarily disrupt future research and development activities or production of our batteries until an alternative supplier is able to meet our requirements. Changes in business conditions, unforeseen circumstances and governmental changes, as well as other factors beyond our control or which we do not presently anticipate, could affect our suppliers' ability to deliver raw materials, components or equipment to us on a timely basis. For instance, we may be impacted by currency fluctuations, trade barriers, tariffs or shortages and other general economic or political conditions ~~—~~ (such as the ongoing military conflict between Russia and Ukraine **or ongoing Israel- Hamas war and wider regional conflict, including attacks on shipping vessels in the Red Sea**), which may limit our ability to obtain key raw materials or components for our Li- Metal batteries or significantly increase freight charges and other costs and expenses associated with our business. **For more information, see “ — Risks Relating to our International Operations — The international nature of our business exposes us to business, regulatory, political, operational, financial and economic risks associated with doing business outside of the United States.** ” Any of the foregoing could materially and adversely affect our business, financial condition, operating results and prospects. Our ability to manufacture our Li- Metal batteries at scale depends on our ability to build, operate and staff our facilities successfully. We ~~expect to expand~~ **expanded** our China and South Korea facilities in 2023 and **expect to build additional—continue to expand and modify our production** facilities in **2024 and beyond as we work with the United States to meet the expected demand for our OEM partners to progress toward eventual C- Sample battery development and products production ahead of planned commercial production**. For more information, see “ **Part I, Item 1. Business — Our Growth Strategy and “ Business — Our Facilities.** ” Because we expect to rely heavily on complex machinery, well- trained personnel and well- managed supply chain for our operations in these facilities, our production will involve a significant degree of uncertainty and risk in terms of operational performance and costs. ~~Our~~ **Our** manufacturing facilities ~~are expected to~~ consist of large- scale machinery combining many components. Such machinery will require us to make intensive capital expenditures prior to our ability to earn any revenues. The manufacturing facility machinery may suffer unexpected ~~malfunctions~~ **malfunctions** from time to time and will depend on repairs and spare parts to resume operations, which may not be available when needed. Additionally, unexpected malfunctions of the manufacturing facility machinery may significantly affect the intended operational efficiency, thus materially and adversely affecting our business, financial condition and operating results. The production of our facilities ~~will also require~~ **requires** us to hire and train highly ~~—~~ skilled personnel to operate such facilities, including engineers, workers, and indirect laborers. Recruiting and training such skilled staff ~~will take~~ **takes** significant cost and time, and an inability to do so timely or at all ~~will inhibit~~ **inhibits** the successful operation of these facilities, thus negatively affecting our business. In addition, the manufacturing of our Li- Metal batteries at facilities ~~will require~~ **requires** us to obtain various production licenses and permits, receive the necessary internal approvals from our customers regarding specifications and enter into agreements for the supply of raw materials, components and manufacturing tools and supplies. If we do not complete such steps **in a timely manner**, our manufacturing timeline or output could be significantly delayed or inhibited. Finally, the production of our Li- Metal batteries at scale and competitive cost, compared to conventional Li- ion cells, will require us to achieve rates of throughput, use of electricity and consumables, yield, and rate of automation demonstrated for mature batteries and battery material. As we have not produced Li- Metal batteries at scale, our ability to achieve such rates is untested and subject to significant constraints and uncertainties. Operational performance and costs can be difficult to predict and are often

influenced by factors outside of our control, such as, but not limited to, environmental hazards and remediation, costs associated with commissioning of machines, damages or defects in electronic systems, industrial accidents, fire and seismic activity and natural disasters, and problems with equipment vendors. Should operational risks materialize, they may result in lower yield, which would negatively affect our revenue growth and profitability as projected. Additionally, they could cause personal injury to or death of workers, the loss of manufacturing equipment, damage to manufacturing facilities, monetary losses, delays and unanticipated fluctuations in production, environmental damage, administrative fines, increased insurance costs and potential legal liabilities, all of which could have a material adverse effect on our business, financial condition, operating results and prospects. We have pursued and may continue to pursue JDAs and other strategic alliances, which could have an adverse impact on our business if they are unsuccessful **or if we are unable to enter into new JDAs**. We have entered into strategic alliances and may in the future enter into additional strategic alliances. For example, ~~as further discussed we have entered into JDAs with GM, Hyundai and Honda, which expire at different points in time. For more information, including the expiration dates of these agreements, see “Part I, Item 1. Business — Our Partnerships,”~~ **we have JDAs with GM, Hyundai and Honda** ~~Note 4 to our consolidated financial statements~~. We expect to form other strategic joint ventures in the future to support our supply chain as well as the build out of manufacturing facilities aimed at the commercialization of our batteries. While offering potential benefits, these current and future strategic alliances with battery manufacturers, OEMs and others could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by our partners and costs of establishing and maintaining new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of our partners and, to the extent any of them suffers negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with them. For example, if we rely on our partners’ manufacturing facilities, those operations would be outside of our control. We could experience delays if our partners do not meet agreed-upon timelines or experience capacity constraints, and in turn, we could lose customers and face reputational harm. Further, there is risk of potential disputes with any partners with whom we collaborate, and we could be affected by adverse publicity related to our partners, whether or not such publicity is related to their collaboration with us. Our ability to build a premium brand successfully could also be adversely affected by perceptions about the quality of our partners’ products. In addition, because we rely on our partners and third parties to meet our quality standards, there can be no assurance that we will successfully maintain quality standards. **Finally, we may not be successful in signing into new JDAs in the future, whether with new OEM partners or with existing OEM partners with whom we want to continue our relationships**. Any of the foregoing could adversely affect our business, financial condition, operating results and prospects. The EV battery market continues to evolve and is highly competitive, and certain other battery manufacturers have significantly greater resources than we do. The EV battery market, like the EV market it services, is fast-growing, extremely competitive and driven by the innovation of both large incumbents and emerging entrants like SES. For more information, see **“Part I, Item 1. Business — Competition.”** Li-ion battery technology ~~has 15~~ **has** been widely adopted and our current competitors have, and future competitors may have, greater resources than we do and may also be able to devote greater resources to the development of their current and future technologies. These competitors also may have greater access to customers and may be able to establish cooperative or strategic relationships amongst themselves or with third parties that may further ~~15~~ **enhance** their resources and competitive positioning. In addition, Li-ion battery manufacturers may continue to reduce cost and expand supply of conventional batteries and therefore reduce the prospects for our business or negatively impact our ability to sell our products at a market-competitive price and yet with sufficient margins. A number of development-stage companies are also seeking to develop new technologies for Li-Metal batteries. Potential new entrants are seeking to develop new technologies for cathodes, anodes, electrolytes and additives. Some of these companies have established relationships with OEMs and are in varying stages of development. Additionally, many OEMs are researching and investing in conventional Li-ion batteries and / or Li-Metal battery efforts and, in some cases, in battery development and production. Furthermore, other companies are developing alternative technologies such as advanced diesel, ethanol, fuel cells or compressed natural gas, as well as potential improvements in the fuel economy of the internal combustion engine. We expect competition in battery technology and EVs to intensify due to increased demand for these vehicles and a regulatory push for EVs, continuing globalization, and consolidation in the worldwide automotive industry. Developments in alternative technologies or improvements in battery technology made by competitors may materially adversely affect the sales, pricing and gross margins of our batteries. If a competing technology is developed that has superior operational or price performance, our business will be harmed. Similarly, if we fail to accurately predict and ensure that our battery technology can address customers’ changing needs or emerging technological trends, or if our customers fail to achieve the benefits expected from our Li-Metal batteries, our business will be harmed. We may not be able to estimate accurately the future supply and demand for our batteries, which could result in a variety of inefficiencies in our business and hinder our ability to generate revenue. If we fail to predict accurately our manufacturing requirements, we could incur additional costs or experience delays. It is difficult to predict our future revenues and appropriately budget for our expenses, and we may have limited insight into trends that may emerge and affect our business. We anticipate being required to provide forecasts of our demand to our current and future suppliers prior to the scheduled delivery of products to potential customers. Currently, there is no historical basis for making judgments on the demand for our batteries or our ability to develop, manufacture, and deliver batteries, or our profitability in the future. If we overestimate our requirements, our suppliers may have excess inventory, which may increase our costs. If we underestimate our requirements, our suppliers may have inadequate inventory, which could interrupt manufacturing of our products and result in delays in shipments and revenues or potential liability for late delivery. In addition, lead times for raw materials, components and manufacturing equipment may vary significantly and depend on factors such as the specific supplier, contract terms and demand for each raw material, component or manufacturing equipment at a given time. Any of the foregoing could result in delays in the delivery of batteries to our potential customers, which would harm our business, financial condition, operating

results and prospects. Certain components of our batteries pose safety risks that may cause accidents. We may be subject to financial and reputational risks due to product recalls and product liability claims, and we could face substantial liabilities that exceed our resources. Due to the high energy density inherent in lithium- based batteries, our batteries can pose certain safety risks, including the risk of fire. Our state- of- the- art software is designed to accurately monitor and predict most safety incidents. Nevertheless, accidents causing death or personal injury, or property damage can occur, and no high energy density battery will ever be 100 % safe. For example, with repeated charge and discharge cycles, Li- Metal anodes are known to develop needle- like mossy structures known as dendrites, which can penetrate the separator and short- circuit the battery cell. Although we incorporate safety procedures in the research, development, manufacture and transportation of batteries that are designed to minimize safety risks- for example, our Li- Metal battery technology is designed to change the morphology of dendrite formation- the manufacture or use of our products may still cause accidents. Any accident, whether occurring at the manufacturing facilities or from the use of our products, may result in significant production interruption, delays or claims for substantial damages caused by personal injuries or property damage. Product liability claims, even those without merit or those that do not involve our products, could harm our business, financial condition, operating results and prospects. The automobile industry in particular experiences significant product liability claims, and we face inherent risk of exposure to claims in the event that our battery products do not perform or are claimed not to have performed as expected. As is true for other commercial vehicle suppliers, we expect in the future that our battery products will be installed on vehicles that will be involved in crashes resulting in death or personal injury. Additionally, product liability claims that affect our competitors may cause indirect adverse publicity for us and our products. ~~A-16A~~ successful product liability claim against us could require us to pay a substantial monetary award. We may not be able to cover any substantial monetary judgment against us. Moreover, a product liability claim against us or our competitors could generate substantial ~~negative~~ **negative** publicity about our products and business and could have a material adverse effect on our brand, business, prospects, financial condition and operating results. **Our use of artificial intelligence and machine learning may result in legal and regulatory risk. We use artificial intelligence and machine learning in our business, including using artificial intelligence in our battery management systems to monitor the state of health of the battery and using machine learning to assist in developing new molecules and synthesis techniques to improve battery performance. As with many technological innovations, there are significant risks and challenges involved in maintaining and deploying these technologies. Artificial intelligence algorithms or training methodologies may be flawed. Datasets may be overbroad or insufficient and information generated by artificial intelligence may be illegal or harmful. There can be no assurance that the usage of such technologies will enhance our products or services or be beneficial to our business, including our efficiency or profitability. Additionally, artificial intelligence entails significant legal risks. The IP ownership and license rights of new technologies such as artificial intelligence and machine learning have not been fully addressed by U. S. courts, and there is uncertainty and ongoing litigation in different jurisdictions as to the degree and extent of protection warranted for artificial intelligence technologies and relevant system input and outputs. If we fail to obtain protection for the intellectual property rights concerning technologies developed using artificial intelligence or machine learning, or later have our intellectual property rights invalidated or otherwise diminished, our competitors may be able to take advantage of our research and development efforts to develop competing products, which could adversely affect our business, reputation, financial condition, or results of operations. Moreover, the use or adoption of artificial intelligence and machine learning in our technology may expose us to breach of a data or software license, website terms of service claims, claimed violations of privacy rights or other tort claims. The regulatory landscape surrounding artificial intelligence is also evolving, and the use of machine learning technologies may also become subject to regulation under new laws or new applications of existing laws. On October 30, 2023, the Biden administration issued an Executive Order to, among other things, establish extensive new standards for AI safety and security. Other jurisdictions may decide to adopt similar or more restrictive legislation that may render the use of such technologies challenging. These restrictions may make it harder for us to conduct our business using artificial intelligence, and violations of these laws and regulations could result in fines and penalties, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business, and damage to our reputation.** We may incur significant costs based on the warranties we may supply in our products and services. Battery manufacturers are expected to give warranties that are reflective of the warranties given by manufacturers to users of the end product (e. g., from an OEM to a buyer of a vehicle). With respect to our battery products, we expect to offer warranties against any defects due to product malfunction or workmanship. We expect to provide a reserve for these potential warranty expenses, which is based on an analysis of historical warranty issues. There will be no assurance that future warranty claims will be consistent with past history, and in the event we experience a significant increase in warranty claims, there is no assurance that our reserves will be sufficient. This could have a material adverse effect on our business, financial condition and operating results. If we fail to effectively manage eventual growth, then our business, results of operations and financial condition could be adversely affected. Our future success depends upon our ability to grow, and if we are unable to manage our growth effectively, we may incur unexpected expenses and be unable to meet our eventual customers' requirements, all of which could materially adversely affect our business, financial condition, operating results and prospects. To manage our current and anticipated future growth effectively, we must continue to maintain and enhance our infrastructure, financial and accounting systems and controls. We must also attract, train and retain a significant number of scientists, engineers, sales and marketing personnel, customer support personnel, professional services personnel, technical personnel and management personnel, and the availability of such personnel may be constrained. As we continue to grow, including from the integration of employees and businesses acquired in connection with future acquisitions, we may find it difficult to maintain important aspects of our corporate culture, which could negatively affect our profitability and our ability to retain and recruit qualified personnel who are essential for our future success. If we do not effectively manage our growth, we may not be able to execute on our growth plan,

respond to competitive pressures, take advantage of market opportunities, satisfy customer requirements or manufacture high-quality products. Additionally, we may not be able to expand and upgrade our infrastructure to accommodate future growth. Failure to effectively manage our growth could also lead us to over- invest or under- invest in development and operations; result in weaknesses in our infrastructure, systems or controls; give rise to operational mistakes, financial losses, loss of productivity or business opportunities; and result in loss of employees and reduced productivity of remaining employees. Our growth is expected to require significant capital expenditures, which may lower our earnings, and may divert financial resources from other projects such as the development of new products and services. If we are unable to manage our growth effectively, our expenses may increase more than expected, our revenue may not increase or may grow more slowly than expected and we may be unable to implement our business strategy. Our business depends substantially on the continuing efforts of our senior executives and other key personnel as well as the ability to attract, train and retain highly skilled employees and key personnel. Our success depends on our ability to attract and retain our executive officers, key employees and other qualified personnel, and our operations may be severely disrupted if we lost their services. As we build our brand and become better known, there is increased risk that competitors or other companies will seek to hire our personnel. All of our executives and engineering staff are subject to non- competition agreements, but we may face challenges in enforcing these non-competition agreements, and such agreements may become illegal if the Federal Trade Commission's proposed Non- Compete Clause Rule is implemented. The failure to attract, integrate, train, motivate and retain these personnel could seriously harm our business and prospects. To execute our business plan, we must attract and retain highly qualified personnel in research and development, sales and marketing, production and other leadership roles. Competition for these employees is intense, and we may not be successful in attracting and retaining qualified personnel. We have from time to time in the past experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications in relevant industries. Many of the companies with which we compete for experienced personnel have greater resources than we have. In addition, in making employment decisions, particularly in high- technology industries, job candidates often consider the value of the equity they are to receive in connection with their employment. Employees may be more likely to leave us if the shares they own or the shares underlying their equity incentive awards have significantly appreciated or significantly reduced in value. A significant talent pool consists of nationals from countries that may require a license from the United States Bureau of Industry and Security to work with our technology, which raises the cost of hiring due to the uncertainty that a license may not be granted and the candidate would be unemployable in the role envisioned. If we fail to attract new personnel, or fail to retain and motivate our current personnel, our business and growth prospects could be harmed. In addition, we are highly dependent on the services of Dr. Qichao Hu, our Founder and Chief Executive Officer, and other senior technical and management personnel, including our executive officers, who may take significant amounts of time to replace. If Dr. Hu or other key personnel were to depart, we may not be able to successfully attract and retain senior leadership necessary to grow our business. If we do not maintain and continue to develop our corporate culture as we grow and evolve, it could also harm our ability to foster the innovation, creativity and teamwork we believe that we need to support our growth. Additions of executive-level management, significant numbers of new employees, our workforce reduction and higher employee turnover could significantly and adversely impact our culture.

~~The uncertainty in global economic conditions and the risks relating to health epidemics, including the COVID-19 pandemic, could have a material adverse effect on our business and results of operations. Our ability to operate in any respect may be interrupted by the current COVID-19 pandemic. We face various risks relating to public health issues, including epidemics, pandemics, and other outbreaks, including the ongoing COVID-19 pandemic. The effects and potential effects of COVID-19 include, but are not limited to, its impact on general economic conditions, trade and financing markets and changes in customer behavior, and significant uncertainty in the overall continuity in business operations. COVID-19 has also disrupted the manufacturing, delivery and overall supply chain of EV manufacturers and suppliers and EV batteries. In particular, COVID-19 may cause an increase in costs resulting from the efforts of manufacturers of EVs or EV batteries to mitigate the effects of COVID-19 and delays in EV manufacturers' schedules to full commercial production of EVs and disruptions to these supply chains, among other negative effects. Following the re-opening of non-essential businesses and the easing of restrictions on non-essential in-person work, we have ramped up research and development hiring and increased our investment in in-person work. However, measures that have been relaxed may be reimplemented if COVID-19 continues to spread. If, as a result of these measures, we have to limit the number of employees and contractors at any research and development or manufacturing facility at a given time, it could cause a delay in our development, testing and manufacturing efforts and a delay in our product schedule. For example, previous spikes in COVID-19 cases in Shanghai resulted in a government mandated temporary shutdown of our Shanghai facility in April 2022, causing a delay of over a month in our development, testing and manufacturing efforts, our product schedule and our ability to obtain materials from our suppliers in the affected area. The government-mandated shutdown was lifted on June 1, 2022 and the Shanghai facility has re-opened. There can be no assurances that other temporary shutdowns will not be imposed in the future. If our workforce is unable to work effectively, or if we are required to shut down our facilities on a more permanent basis, including due to illness, quarantines, government actions or other restrictions in connection with COVID-19, our operations will be adversely affected. We continue to monitor closely the impact of COVID-19 on all aspects of our business and geographies, including its impact on our employees, suppliers, business partners and potential distribution channels and customers. The extent to which the COVID-19 pandemic may continue to affect our business will depend on continued developments, such as the emergence of new variants and status of governmental measures to combat it, which are uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, we may continue to suffer an adverse effect on our business due to possible longer-term global economic effects of COVID-19, including any economic recession. If the immediate or prolonged effects of the COVID-19 pandemic have a significant adverse impact on government finances, it would create uncertainty as to the continuing availability of incentives related to EV purchases and other governmental support programs. In addition, a recurrence of COVID-19 cases or~~

~~an emergence of additional variants or strains could cause other widespread or more severe impacts depending on where infection rates are highest.~~ Risks Relating to the EV Industry Our future growth and success depend on the willingness of vehicle operators and consumers to adopt EVs. Our growth is highly dependent upon the adoption of EVs by commercial vehicle and specialty vehicle operators and consumers. If the markets for EVs do not develop as we expect or develop more slowly than we expect, our business, prospects, financial condition and operating results will be harmed, because demand for our products and services will not increase as expected or may even be reduced. The market for alternative fuel vehicles is relatively new, rapidly evolving, characterized by rapidly changing technologies, price competition, numerous competitors, evolving government regulation and industry standards, frequent new vehicle announcements and changing consumer demands and behaviors. ~~18~~ **Other** factors may influence the adoption of EVs, including, but not limited to: ● perceptions about EV quality, design and performance, especially if adverse events or accidents occur that are linked to the quality or safety of EVs; ● volatility in sales of EVs; ● the costs of purchasing and maintaining EVs; ● perceptions about vehicle safety in general, namely, safety issues that may be attributed to the use of advanced technology, including vehicle electronics; **18** ● negative perceptions of EVs, such as that they are more expensive than nonelectric vehicles and are only affordable with government subsidies or that they have failed to meet customer expectations; ● the limited range over which EVs may be driven on a single battery charge and the effects of weather on this range; ● the decline of an EV's range resulting from deterioration over time in the battery's ability to hold a charge; ● concerns about electric charging infrastructure availability and reliability, which could derail past and present efforts to promote EVs as a practical solution to vehicles which require gasoline; ● concerns about charging station standardizations, convenience and cost influencing consumers' perceptions regarding the convenience of EV charging stations; ● concerns of potential customers about the susceptibility of battery packs to damage from improper charging, as well as the lifespan of battery packs and the cost of their replacement; ● concerns regarding comprehensive vehicular insurance coverage related to EVs; ● developments in alternative technologies, such as advanced diesel, ethanol, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine, which could adversely affect sales of EVs; ● the environmental consciousness of consumers; ● the availability and volatility in the cost of natural gas, diesel, coal, oil, gasoline and other fuels relative to electricity, ~~such as the sharp reduction in prices for gasoline in 2020 and the sharp increase in such prices from 2021 to mid-2022;~~ ● the availability of tax and other governmental incentives to purchase and operate EVs or future regulation requiring increased use of nonpolluting vehicles; ● concerns regarding the value and costs for upkeep of EVs in the used car market; ● the availability of enough skilled labor in after-sale maintenance and repair services of EVs; and ● macroeconomic factors. Any of these factors could impair the development of the EV market, lowering demand. In anticipation of an expected increase in the demand for EVs in the next few years, we plan to develop, test, manufacture and commercialize our Li-Metal battery technology. However, the markets we expect to target, primarily those in North America, Europe and Asia, may not achieve the level of growth we expect. If any market fails to achieve our expected level of growth, we may have excess manufacturing capacity and may not be able to generate enough revenue to achieve or sustain our profitability. Developments in alternative technology or other fossil fuel alternatives may adversely affect the demand for our battery products. Significant developments in alternative technologies, such as fuel cell technology, advanced diesel, ethanol or natural gas, or breathing batteries, may materially and adversely affect our business, financial condition, operating results and prospects in ways that we may not currently anticipate. Existing and other battery technologies, fuels or sources of energy may emerge as customers' preferred alternatives to our battery products. Any failure by us to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay our development and introduction of new and enhanced alternative products, which could result in decreased revenue and a loss of market share to our competitors. Our research and development efforts may not be sufficient to adapt to changes in alternative fuel and EV technology. As technologies evolve, we plan to upgrade or adapt our energy solutions with the latest technology, in particular lighter weight modules and packs, advanced cooling methods, more sophisticated safety management software, more efficient manufacturing process, and advanced battery chemistry, which may also negatively impact the adoption of our other products. However, we may not compete effectively with alternative systems if we are not able to develop, source and integrate the latest technology into our battery products. ~~19~~ **If** the EVs in which our batteries are installed do not meet certain motor vehicle standards, our business, operating results and prospects could be adversely affected. Our products are expected to be used as components in EVs. All vehicles sold must comply with applicable international, federal, and state motor vehicle safety standards, which vary by national and other jurisdictions. In the United States, vehicles that meet or exceed all federally mandated safety standards are certified under the federal regulations. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving federal certification. Failure by our eventual EV manufacturing customers to satisfy motor vehicle standards could have a material adverse effect on our business and operating results. Moreover, we may incur our own significant costs in complying with these regulations. Laws and regulations related to the EV industry and alternative energy are currently evolving and we face risks associated with changes to these laws and regulations. ~~To~~ **To** the extent laws and regulations become more stringent or otherwise change, our products or the vehicles into which they are incorporated may not comply with applicable international, federal, state or local laws, which would have an adverse effect on our business. Compliance with changing laws and regulations could be burdensome, time consuming and expensive. To the extent compliance with new laws and regulations is cost prohibitive, our business, financial condition, operating results and prospects would be adversely affected. Internationally, there may be laws and regulations in jurisdictions we have not yet entered or laws of which we are unaware in jurisdictions we have entered that may restrict our sales or other business practices. Even for those jurisdictions we have analyzed, the laws and regulations in this area can be complex, difficult to interpret and may change over time. Continued regulatory limitations and other obstacles interfering with our or our eventual customers' ability to sell products could have a negative and material impact on our business, financial condition, operating results and prospects. Our ability to successfully market our products will depend on the establishment of charging station networks meeting the needs of EVs using

our products. If any of the charging station networks are not compatible with such products and technologies, our sales could be adversely affected. We design, develop, and manufacture electric power batteries for EVs. However, we do not manufacture chargers or charging poles that are necessary for using our products. In addition, we will rely on third parties, such as city governments, utility providers and private investors, to build charging stations for EVs using our products. If no charging station networks are built in markets in which OEMs using our products target their EVs, there would be little demand for electric battery products in those areas. Further, existing charging station networks have not been established under a uniform standard and it could diminish our sales if any of the networks are not compatible with EVs using our products and technologies. In order for our fast- charging batteries to become widely adopted in electric passenger cars, a critical mass of compatible fast- charging stations must be installed and in operation in any given urban area where our OEM customers plan to enter. Establishing a network of fast- charging stations requires significant capital investment and government approvals. It also requires government regulators to believe that the merits of fast- charging stations support the costs of such construction. If a sufficient number of charging stations that accommodate EVs using our products and technologies cannot be built up and be functional in a timely manner, it will be difficult for us to retain our existing customers and to attract new customers. As a result, our business, financial condition, operating results and prospects may be materially and adversely affected. If emerging standards in charging station networks are not compatible with our current products or in development products and technologies, we may miss market opportunities and our financial performance will suffer. If other EV battery companies' products and services, including industry- standard technologies or other new standards, emerge or become dominant in any of these areas, or differing standards emerge in global markets, demand for our technology and products could diminish. As standards emerge, such as those in China including specifications for hardware, connecting equipment and service networks, and standards for communication and inspection, compatibility of prior fast- charging stations could be made obsolete. The Biden Administration has put forth ambitious goals for advancing new battery technology, which may lead to a shortage of the metals required for manufacturing batteries. The Biden Administration has put forth ambitious goals for investing in " clean energy, " including goals to replace gasoline- operated vehicles with EVs, and ~~recently~~ signed into law the Inflation Reduction Act of 2022, which includes multiple incentives to promote clean energy, electric vehicles, battery and energy storage manufacture or purchase. In order to meet these ambitious goals, a secure supply chain of raw materials, including lithium, copper and nickel, will need to be obtained. Developing mines for these materials can take a significant ~~20~~~~amount~~ ~~--~~ ~~amount~~ of time. If production of battery technology increases faster than this supply chain can be secured, it may lead to a shortage of these raw materials, which could negatively affect our business. Risks Relating to Our Intellectual PropertyOur patent applications may not result in issued patents or our patent rights may be challenged, invalidated or limited in scope, any of which could have a material adverse effect on our ability to prevent others from competing or interfering with the commercialization of our products. Our key technological innovations, including innovations that are currently commercialized in our products and innovations that we plan to deploy in the future, are described in our issued patents and pending patent applications, as well as patent applications that we plan to file in the future. For more information, see " **Part I, Item 1. Business — Intellectual Property.** " The process of applying for and obtaining a patent is expensive, time consuming and does not always result in patent claims as expected or needed. We may not be able to file and prosecute ~~all~~ ~~20~~ ~~all~~ necessary or desirable patent applications at a reasonable cost, in a timely manner, or in all jurisdictions where protection may be commercially advantageous, or we financially may not be able to protect our proprietary rights at all. There is also no assurance that the pending applications will result in issued patents. In addition, the issuance of a patent does not give us the right to practice the patented invention. Third parties may have blocking patents that could prevent us from marketing our products and practicing our technology. Alternatively, third parties may seek to market their products similar to or otherwise competitive with our products. In these circumstances, we may need to defend and / or assert our patents, including by filing lawsuits alleging patent infringement. In any of these types of proceedings, a court or agency with jurisdiction may find our patents invalid and / or unenforceable. Even if we have valid and enforceable patents, these patents still may not provide protection against competing products or processes sufficient to achieve our business objectives. Under the terms of our JDAs, and as part of our sponsored research projects with universities, we may file patent applications with third parties and end up co- owning certain of our patents. Co- ownership of a patent may require us to enter into license agreements with third parties, which are less favorable than if we were the sole owner of the patent. Furthermore, if the other owners are unwilling to join us in an enforcement action, we may be unable to enforce our jointly owned patent rights against infringers. Such co- owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. If one or more of our patents are held to be invalid or unenforceable, or if claims of those patents are interpreted narrowly, or if patents fail to issue from our pending applications, our competitiveness and value may also be undermined. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects. We rely heavily on our intellectual property portfolio, including unpatented proprietary technology. If we are unable to protect our intellectual property rights from unauthorized use, our business and competitive position would be harmed. We may not be able to prevent unauthorized use of our intellectual property, which could harm our business and competitive position. We rely upon a combination of the intellectual property protections afforded by patent, trademark and trade secret laws in the United States and other jurisdictions, as well as license agreements and other contractual protections, to establish, maintain and enforce rights in our proprietary technologies. We also rely substantially on unpatented proprietary technology, including know- how or trade secrets. We seek to protect our intellectual property rights in various ways, including through nondisclosure and invention assignment agreements with our employees and consultants and through non- disclosure agreements with business partners and other third parties. We cannot ensure that these agreements will provide meaningful protection for our trade secrets, know- how or other proprietary information in the event of any unauthorized use, misappropriation, or disclosure of such trade secrets, know- how or other proprietary information. There can be no assurance that employees, consultants, vendors and customers have executed such

agreements or have not breached or will not breach their agreements with us, that we will have adequate remedies for any breach, or that our trade secrets will not otherwise become known or independently developed by competitors. The theft or unauthorized use or publication of our trade secrets and other confidential business information could reduce the differentiation of our products and harm our business, the value of our investment in development or business acquisitions could be reduced and third parties might make claims against us related to losses of their confidential or proprietary information. Any of the foregoing could materially and adversely affect our business. Additionally, despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property. Monitoring unauthorized use of our intellectual property is difficult and costly, and the steps we have taken or will take to prevent misappropriation may not be sufficient. Any enforcement efforts we undertake, including litigation, could be time-consuming and expensive and could divert management's attention, which could harm our business, results of operations and financial condition. ~~In addition--~~ **addition**, existing intellectual property laws and contractual remedies may afford less protection than needed to safeguard our intellectual property portfolio. We may need to defend ourselves against intellectual property infringement claims, which may be time-consuming and could cause us to incur substantial costs. Companies, organizations or individuals, including our current and future competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop or sell our products, which could make it more difficult for us to operate our business. From time to time, we **have received, and we** may **in the future** receive **,** claims or inquiries from holders of patents or trademarks claiming that and / or inquiring whether we are infringing their proprietary rights and / or seeking court declarations that they do not infringe upon our intellectual property rights. Companies holding patents or other intellectual property rights relating to batteries, electric motors or electronic power management systems may bring suits alleging infringement of such rights or ~~otherwise~~ **21otherwise** asserting their rights and seeking licenses. In addition, if we are determined to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following: • cease selling, incorporating or using products that incorporate the challenged intellectual property; • pay damages; • obtain a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all; or • redesign our batteries. In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology, our business, prospects, operating results and financial condition could be materially adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs and diversion of resources and management's attention. We may face risks relating to protecting our intellectual property in various countries. Patent, trademark and trade secret laws vary significantly throughout the world. Filing, prosecuting, and defending patents in all countries throughout the world would be prohibitively expensive, and the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection or licenses **,** but enforcement is not as strong as that in the United States. A number of foreign countries do not protect intellectual property rights to the same extent as do the laws of the United States. Therefore, our intellectual property rights may not be as strong or as easily enforced outside of the United States, and efforts to protect against the unauthorized use of our intellectual property rights, technology, and other proprietary rights may be more expensive and difficult outside of the United States. Some courts inside and outside the United States may be less willing or unwilling to protect trade secrets and agreement terms that address non-competition are difficult to enforce in many jurisdictions and might not be enforceable in certain cases. Failure to adequately protect our intellectual property rights could result in our competitors using our intellectual property to offer products, potentially resulting in the loss of some of our competitive advantage and a decrease in our revenue, which would adversely affect our business, financial condition, operating results and prospects. Risks Relating to our International Operations The international nature of our business exposes us to business, regulatory, political, operational, financial and economic risks associated with doing business outside of the United States. While we are incorporated as a Delaware corporation, we have significant operations outside the United States. Battery manufacturing is capital intensive, and to reduce dilution and financial burden, SES has been applying for appropriate government financial support. We currently have an operating facility in Shanghai, China, focused on supply chain development, manufacturing process development, battery cell development and production, AI software, BMS and module development, and an operating facility in Chungju, South Korea, focused on manufacturing process development and battery cell product development. We have received financial support from the Government of South Korea to partially offset the expense of facility construction and plan to seek additional government financial support to the extent possible. Also, due to geopolitical considerations, we may be required to introduce certain commercial inefficiencies into our operations. ~~22We~~ **We** are subject to, and could become further subject to, various legal, political, regulatory and social requirements and economic conditions both inside and outside the United States. Expansion into new markets requires significant resources and management's attention, as well as significant expenditures, including for the establishment of local operating entities, hiring of local employees and establishment of facilities in advance of generating any revenue. Some of the risks associated with international operations in China, South Korea and / or other countries, such as in the development, manufacturing, marketing or sale of our products, include, but are not limited to: • general trade tensions between the United States and China have been escalating, and new legislation or regulations in either jurisdiction could impose additional restrictions and costs on our ability to operate in one or both jurisdictions, or even foreclose operations entirely; • general political tension between South Korea and North Korea, including the ongoing risk of armed conflict between the two countries, which could disrupt our manufacturing operations in South Korea or foreclose our operations entirely; • non- U. S. countries have enacted and could enact legislation or impose regulations or other restrictions, including unfavorable labor regulations or tax policies (such as Chinese regulations prohibiting our operating company from paying dividends out of accumulated ~~distributable~~ **22distributable** profits unless 10 % of such profits (up to half of the company's registered capital) are set aside annually, under Article 166 of China's Company Law), which could have an adverse effect on our ability to

conduct business in or expatriate profits from those countries; ● tax rates in certain non- U. S. countries may exceed those in the United States and non- U. S. earnings may be subject to withholding requirements or the imposition of tariffs, exchange controls, or other restrictions, including restrictions on repatriation; ● the regulatory or judicial authorities of non- U. S. countries may not enforce legal rights and recognize business procedures in a manner to which we are accustomed or would reasonably expect; ● we may have difficulty complying with a variety of laws and regulations in non- U. S. countries, some of which may conflict with laws in the United States; ● changes in political and economic conditions may lead to changes in the business environment in which we operate, as well as changes in currency exchange rates; ● in the case of China, the degree of significant government control over China' s economic growth through restrictions and limitations on foreign investment in certain industries, control over the allocation of resources, control over payment of foreign currency- denominated obligations, implementation of monetary policy, data localization and privacy requirements, technology transfer requirements, national security laws, influence over the courts and preferential treatment of particular industries or companies, could materially affect our liquidity, access to capital, intellectual property and ability to operate our business in China. If we are unable to operate our business in China, it would require us to redirect research and development efforts to facilities in other jurisdictions, which could result in additional expenditures which would negatively impact our business and results of operations; ● in the case of China, data localization requirements and restrictions on the use of foreign technology applications have already been enacted by the Chinese government, and restrictions on the use of Chinese technology and applications that have been or may be adopted in the future by the United States, may make it difficult to efficiently coordinate complex manufacturing supply chains in a global setting; ● in the case of China, new laws and regulations may require us to obtain additional permits or licenses, or complete or update registrations with regulatory authorities, and we may be unable to conduct our operations in China if we are unable to obtain required permits, licenses or registrations in a timely manner; ● restrictions or denials on visas for our personnel, may limit our ability to train and pass along proprietary information efficiently; ● differences in software usage and export controls, may make it difficult to share certain engineering documents and resources between global subsidiaries; ● changes to export controls and / or failure to obtain export licenses in the United States, China or other countries in which we do business could adversely affect our access to raw materials, ability to manufacture and ship our products or increase our costs to conduct research and development; and ● natural disasters or international conflict, including terrorist acts, could interrupt our research and development, manufacturing or commercialization or endanger our personnel. Our ability to deal with these issues could be affected by existing or new U. S. laws and the need to protect our intellectual property and assets. The materialization of any such risks could have an adverse impact on our business, financial condition, operating results and prospects. **23** **We** **We** could experience losses associated with our intellectual property in relation to our operations in China. We rely upon the fair interpretation and enforcement of patent, copyright, trademark and trade secret laws in the U. S., similar laws in other countries, and agreements with employees, customers, suppliers, licensors and other parties. Such reliance serves to establish and maintain the intellectual property rights associated with the technology that we develop and ultimately sell. However, the laws and courts of certain countries at times do not protect intellectual property rights or respect contractual agreements to the same extent as the laws of the U. S. Therefore, in certain jurisdictions we may not be able to protect our intellectual property rights against counterfeiting or enforce our contractual agreements with other parties. Specifically, as discussed above, the Company conducts research and development operations in China. Article VII of the National Intelligence Law of China requires every commercial entity in China, by simple order of the Chinese government, to act as an agent of the government by committing espionage, technology theft, or whatever else the government deems to be in the national interest of China. If the Chinese government were to require the appropriation of certain of our intellectual property in the national interest, this could lead to material adverse effects on our operations and competitive positions. **Implementation** **23** **Implementation** of labor laws and regulations in China may adversely affect our business and results of operations. Pursuant to the labor contract law of China that took effect in January 2008, its implementation rules that took effect in September 2008 and its amendment that took effect in July 2013, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. Due to lack of detailed interpretative rules and uniform implementation practices and broad discretion of the local competent authorities, it is uncertain as to how the labor contract law and its implementation rules will affect our current employment policies and practices. Our employment policies and practices may violate the labor contract law or its implementation rules, and we may thus be subject to related penalties, fines or legal fees. Compliance with the labor contract law and its implementation rules may increase our operating expenses, in particular our personnel expenses. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the labor contract law and its implementation rules may also limit our ability to effect those changes in a desirable or cost- effective manner, which could adversely affect our business and results of operations. As the interpretation and implementation of these laws and regulations are still evolving, we cannot assure you that our employment practice will at all times be deemed in full compliance with labor- related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be adversely affected. Further, labor disputes, work stoppages or slowdowns at our operations facilities or any of our third- party service providers could significantly disrupt daily operation or our battery development plans and have materially adverse effects on our business. The unavailability, reduction or elimination of, or uncertainty regarding, government and economic incentives or subsidies available to us, end- users or OEMs could have a material adverse effect on our business, financial condition, operating results and prospects. In 2019, in connection with our establishment of our Shanghai facility, the first two years of rent on the facility totaling approximately RMB7. 1 million was borne by the Jiading district local government which also took on certain renovations to the facility at the cost of approximately RMB 4. 3 million such that it is suitable for our use. In 2020, we received an incentive award of RMB10, 000 under the Jiading Industrial Zone Development

Potential Award from the Jiading district local government. In 2022, we also received an incentive award from certain South Korean government agencies. We intend to apply for further grants in the future in the jurisdictions in which we operate. Government incentives and subsidies are granted in connection with government's efforts to promote the development of the local economy and other policies. Some local government incentives and subsidies may be challenged by higher-level government authorities. Therefore, government incentives and subsidies may be modified, terminated or subject to clawback at the sole discretion of the relevant governmental authorities. Additionally, because laws, regulations and policies with respect to incentives and subsidies may change, we cannot be sure that government incentives and subsidies will continue to be available. In the event that we cease to receive any government incentives or subsidies, any current or future incentive or subsidy is reduced, or any of our current or future incentives or subsidies are challenged, our business, financial condition and operating results may be adversely affected. See Note 10 "Government Grant" of the Notes to the Financial Statements for discussion of our accounting for government incentives. Additionally, we believe that, currently, the availability of government incentives and subsidies available to end-users and OEMs is an important factor considered by customers when purchasing EVs, and that growth in the battery market will depend in part on the availability and amounts of these subsidies and incentives for EVs. Any further reduction or elimination of government and economic incentives or subsidies may result in the diminished competitiveness of the alternative fuel vehicle industry generally or EVs that use our batteries in particular. ~~24~~~~Currently~~
Currently, government programs, including in China and Europe, favor the purchase of EVs, including through disincentives that discourage the use of gasoline-powered vehicles. In the United States, the Inflation Reduction Act of 2022 provides tax credits for the purchase of electric vehicles, and the states of California, **Connecticut, Maryland, Massachusetts, New Jersey, New York, Oregon, Rhode Island** and Washington have recently banned the sale of new gas-powered vehicles by 2035, and other states may follow. If such government laws or programs are reduced or eliminated, or the available benefits thereunder are exhausted earlier than anticipated, demand for EVs may decrease and our anticipated sales of EV battery products could be adversely affected. In addition, OEM customers may delay taking delivery of our battery products if they believe that certain EV incentives will be available at a later date, which may adversely affect our business, financial condition, operating results and prospects. ~~Our~~**24**~~Our~~ incentives from various governments are conditional upon achieving or maintaining certain performance obligations and are subject to reduction, termination, or clawback. We have received, and may in the future continue to receive, benefits and incentives from national, state, and local governments in various regions of the world designed to encourage us to establish, maintain, or increase investment, workforce, or production in those regions. These incentives may take various forms, including grants, loan subsidies, and tax arrangements, and typically require us to achieve or maintain certain levels of investment, capital spending, employment, technology deployment, or research and development activities to qualify for such incentives or could restrict us from undertaking certain activities. We may be unable to obtain significant future incentives to continue to fund a portion of our capital expenditures and operating costs, without which our cost structure would be adversely impacted. We also cannot guarantee that we will successfully achieve performance obligations required to qualify for these incentives or that the granting agencies will provide such funding. These incentive arrangements typically provide the granting agencies with rights to audit our compliance with their terms and obligations. Such audits could result in modifications to, or termination of, the applicable incentive program. The incentives we receive could be subject to reduction, termination, or clawback, and any decrease or clawback of government incentives could have a material adverse effect on our business, results of operations, or financial condition. Risks Relating to Regulations and Our Compliance With Such Regulations Our operations expose us to litigation, environmental and other legal compliance risks. Compliance with laws and regulations can be expensive, and our failure to comply with these laws and regulations may result in monetary damages and fines, adverse publicity and a material adverse effect on our business. We are subject to a variety of litigation, environmental, health and safety and other legal compliance risks. These risks include, among other things, possible liability relating to product liability matters, personal injuries, intellectual property rights, contract-related claims, health and safety liabilities, environmental matters and compliance with U. S. and foreign laws, competition laws and laws governing improper business practices. Our operations in the United States, China, and South Korea may be subject environmental laws and regulations, including laws and regulations relating to water, discharges, emissions, chemicals, hazardous materials, natural resources, remediation and contamination. Compliance with these laws can be difficult and costly. For example, battery life cycle management regulations and regulations governing the transport of batteries may impose substantial requirements on our operations in the United States. Our operations may be required to obtain and comply with environmental permits, many of which may be difficult and expensive to obtain and must be renewed on a periodic basis. A failure to comply with these laws, regulations or permits could result in substantial liabilities, including fines, penalties, the suspension or loss of permits, and possibly orders to cease the non-compliant operations. As a business with international reach, we are subject to complex laws and regulations in jurisdictions in which we operate. Those laws and regulations may be interpreted in different ways. They may also change from time to time, as may related interpretations and other guidance. Changes in laws or regulations could result in higher expenses and payments, and uncertainty relating to laws or regulations may also affect how we conduct our operations and structure our investments and could limit our ability to enforce our rights. Changes in environmental and climate laws or regulations, including laws relating to greenhouse gas emissions, could lead to new or additional investment in manufacturing designs, subject us to additional costs and restrictions, including increased energy and raw materials costs, and could increase environmental compliance expenditures. We are subject to various environmental laws and regulations on air emission, waste water discharge, solid waste, noise and the disposal of hazardous materials. Cobalt and lithium are toxic materials that are important raw materials in our batteries. We also use, generate and discharge other toxic, volatile and hazardous chemicals and wastes in our research, development and manufacturing activities. Under Chinese, South Korean, and U. S. environmental regulations, we are required to maintain the pollutant emission levels at the facility within the levels prescribed by the relevant governmental authorities and obtain a pollution discharge permit for water and air emissions. In addition, certain laws and regulations require enterprises like us that

generate ~~25~~^{hazardous} hazardous wastes to engage companies which are licensed and qualified to process the hazardous wastes, and to collect, store, dispose of and transfer the hazardous waste. If we fail to comply with national and local environmental protection laws and regulations, the relevant governmental authorities may impose fines or deadlines to cure instances of noncompliance and may even order us to cease operations if we fail to comply with their requirements. In particular, any breach by us in connection with requirements relating to the handling of hazardous wastes may subject us to monetary damages and fines. In addition, if any third party suffers any loss as a result of our pollutant emission practices, our improper handling of hazardous wastes or our noncompliance with environmental regulations, such third parties may seek damages from us. ~~There~~²⁵There can be no assurance that we will be able to comply with all environmental laws and regulations at all times as the environmental legal regime is evolving and becoming more stringent, especially in China, South Korea, and the United States. Therefore, if these or other governments where we do business impose more stringent regulations in the future, we will have to incur additional substantial costs and expenses in order to comply with new regulations, which may negatively affect our results of operations. If we fail to comply with any of the present or future environmental regulations in any material aspect or cause any loss to any third parties due to our pollutant emission practices, improper handling of hazardous wastes or other environmental noncompliance, we may suffer from negative publicity and may be required to pay substantial fines, pay damages to such third parties, or suspend or even cease operations. Failure to comply with environmental laws and regulations may materially and adversely affect our business, financial condition, operating results and prospects. Failure to comply with certain health and production safety laws and regulations governing hazardous materials could materially adversely affect our business and results of operations. In the sourcing of our products throughout the world, we process, store, dispose of and otherwise use large amounts of hazardous materials. As a result, we are subject to extensive and evolving health and production safety laws and regulations governing, among other things: the health of our employees and safety production requirements regarding the generation, handling, storage, use and transportation of hazardous materials. Compliance with these laws and regulations results in ongoing costs. Failure to comply with these laws or regulations, or to obtain or comply with the relevant permits, could result in fines, criminal charges or other sanctions by regulators. Furthermore, we may be ordered to rectify a noncompliance within a stipulated deadline; and if we fail to do so, we may be ordered to cease operations. Our ongoing compliance with health and safety laws, regulations and permits could require us to incur significant expenses, limit our ability to modify or expand our facilities or continue manufacturing and make other capital improvements. In addition, private parties, including current or former employees, could bring personal injury or other claims against us due to the presence of, or exposure to, hazardous substances used, stored or disposed of by us or contained in our products. We are subject to U. S. and foreign anti- corruption, anti- bribery, anti- money laundering, financial and economic sanctions and similar laws and regulations. We can face criminal liability and other serious consequences for violations, which can harm our business. We are subject to anti- corruption, anti- bribery, anti- money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct or in the future may conduct activities, including the U. S. Foreign Corrupt Practices Act (“FCPA”), the U. K. Bribery Act 2010, and other anti- corruption laws and regulations in countries in which we conduct activities. Anti- corruption laws prohibit us and our officers, directors, employees, contractors and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing or providing, directly or indirectly, anything of value to a “foreign official” for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. These laws also require companies to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. These laws also prohibit non- governmental “commercial” bribery and soliciting or accepting bribes. A violation of any of these laws or regulations could result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm and other consequences and adversely affect our business, financial condition, operating results and reputation. Our policies and procedures designed to ensure compliance with these laws and regulations may not be sufficient and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible. As we increase our international cross- border business and expand our operations abroad, we may continue to engage with business partners, suppliers and third- party intermediaries to market our services and to obtain necessary permits, licenses and other regulatory approvals. In addition, we or our third- party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state- owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third- party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize such activities. ~~There~~²⁶that-- that our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. As we increase our international business, our risks under these laws may increase. Detecting, investigating and resolving actual or alleged violations of anti- corruption, anti- bribery, anti- money laundering or financial and economic sanctions laws can require a significant diversion of time, resources and attention from management. Non- compliance with these laws could subject us to whistleblower complaints, adverse media coverage, investigations, subpoenas received, enforcement actions, prosecution and severe fines, damages and administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, financial condition, operating results and reputation. In addition, changes in these laws in the future could adversely impact our business and investments in our securities.

~~Governmental~~²⁶Governmental trade controls, including export and import controls, sanctions, customs requirements and related regimes, could subject us to liability or loss of contracting privileges, limit our ability to transfer technology or compete in certain markets and affect our ability to hire qualified personnel. Our technology and products, including components of our products, are subject to export control and import laws and regulations, including those by the U. S. Export Administration Regulations, U. S. Customs regulations, various economic and trade sanctions regulations administered by the U. S. Treasury

Department's Office of Foreign Assets Control, and similar regulations by the South Korean government. These jurisdictions' export control laws and regulations and economic sanctions prohibit the shipment of certain products, technologies and services to embargoed or sanctioned countries, governments and persons, as well as to various countries and persons due to national security and foreign policy concerns. In particular, U. S. and South Korean export control laws apply to cells with an energy density greater than 350 Wh / kg, and require a license for the export of technology and cells exceeding that threshold to many locations outside of each respective jurisdiction, including China and Singapore. Some of our technology and products are thus presently subject to these license requirements under export controls. Complying with export control and sanctions regulations for a particular sale may be time-consuming and result in the delay or loss of sales opportunities. We have set up an export controls compliance program internally. If we fail to comply with these laws and regulations, we and even some of our employees could be subject to substantial civil and / or criminal penalties, including the possible loss of export or import privileges, fines, which may be imposed on us and responsible employees or managers and, in extreme cases, the incarceration of responsible employees or managers. A significant talent pool is comprised of nationals from countries that may require a license from the Bureau of Industry and Security to work with our technology (such as China, India, Russia, South Korea, Taiwan and Japan), which raises the cost of hiring due to the uncertainty that a license may not be granted and the candidate would be unemployable in the role envisioned. In addition, changes in our products or solutions or changes in applicable export or import laws and regulations may create delays or prohibitions in the introduction and sale of our products and solutions in international markets, increase costs due to changes in import and export duties and taxes, prevent our customers from deploying our products and solutions or, in some cases, prevent the export or import of our products and solutions to certain countries, governments or persons altogether. Any change in export or import laws and regulations, shift in the enforcement or scope of existing laws and regulations, or change in the countries, governments, persons or technologies targeted by such laws and regulations, could also result in decreased use of our products and solutions, decreased ability to export or sell our products and solutions to customers, and decreased ability to import components or parts critical to the manufacture of our products. Any decreased use of our technology and products, limitation on our ability to export or sell our technology and products, or limitation on our ability to import raw materials, components or equipment would likely adversely affect our business, financial condition, operating results and prospects. We have incurred and will continue to incur increased costs related to operating as a public company, especially now that we are no longer an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and our management will be required to devote substantial additional time to new compliance initiatives and corporate governance practices. We have incurred and will continue to incur significant legal, accounting and other expenses that Old SES did not incur as a private company. We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Protection Act, as well as rules adopted, and to be adopted, by the SEC and the NYSE. Our management is required to certify financial and other information in our quarterly and annual reports, as well as to establish and evaluate periodically disclosure controls and procedures and internal control over financial reporting. Additionally, as in light of our loss of "emerging growth company" status when we became a "large accelerated filer" as of December 31, 2022, we are subject to expanded disclosure obligations regarding executive compensation in our periodic reports and proxy statements and the requirements to hold nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved, and we are no longer able to take advantage of an extended transition period for complying with new or revised accounting standards available to "emerging growth companies". Our management and other personnel have devoted and will need to continue to devote a substantial amount of time to these compliance initiatives. Moreover, we expect these rules and regulations to continue to increase substantially our legal and financial compliance costs, especially now that we are no longer an "emerging growth company," and to make certain activities more time-consuming and costly, which will increase our operating expenses. These rules and regulations applicable to public companies may make and have made it more difficult and more expensive for us to obtain director and officer liability insurance, and we will likely incur additional costs to maintain sufficient insurance coverage as a public company going forward. This Annual Report is the first annual report in which we are required to include a management report on the effectiveness of the internal control over our financial reporting and obtain an attestation report from our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. As later discussed in this Annual Report, our management and independent registered public accounting firm have concluded that we did not maintain effective internal control over financial reporting as of December 31, 2022-2023. For more information on the risks associated with the 27th compliance cost of remediating the material weaknesses in, and establishing and maintaining, effective internal control over financial reporting, as well as other related risks, see " — We have identified material weaknesses in our internal control over financial reporting, which could, if not effectively remediated, result in material misstatements in our financial statements, and a failure to meet our reporting and financial obligations. " If in the future, we are unable to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC, our ability to meet these additional requirements in a timely manner will be adversely affected. This failure could negatively affect the market price and trading liquidity of our common stock, restrict our access to the capital markets, cause investors to lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties, and generally materially and adversely impact our business and financial condition. We have identified material weaknesses in our internal control over financial reporting, which could, if not effectively remediated, result in material misstatements in our financial statements, and a failure to meet our reporting and financial obligations. Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and errors in our financial statements and operate successfully as a public company. As later discussed in this Annual Report, our management and independent registered public accounting firm have concluded that we did not maintain effective internal control over financial reporting as of December 31, 2023 and 2022. We are actively engaged in developing and implementing a remediation plan designed to address these material weaknesses and are

committed to remediating ~~them~~ **it** as promptly as possible. For more information, see “ Part II, Item 9A. Controls and Procedures. ” However, we cannot be certain that ~~all the~~ current material weaknesses in internal control will be remediated and our internal control over financial reporting considered effective going forward. Because of its inherent limitations, our system of internal control over financial reporting may not prevent or detect every misstatement. If we are unable to remediate the existing material weaknesses in our internal controls ~~of~~ **over** financial reporting and achieve effective internal control, or if we identify additional material weaknesses in our internal control over financial reporting, we may be unable to accurately report our financial results, or report them within the timeframes required by the SEC. If this occurs, we also could become subject to sanctions or investigations by the SEC or other regulatory authorities. In addition, if we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, or expresses an adverse opinion, investors may lose confidence in the accuracy and completeness of our financial reports, we may face restricted access to the capital markets and our stock price may be adversely affected. We also face risks associated with the cost of establishing effective internal control over financial reporting, insofar as we expect to continue to incur increased costs related to our internal control over financial reporting to remediate the above- described material weaknesses and improve further our internal control environment. We have expended, and expect to continue to undertake various actions, such as implementing additional internal controls and procedures and hiring additional compliance, accounting and financial staff with appropriate public company experience and technical knowledge, to develop and maintain the necessary documentation and testing procedures required by Section 404 of the Sarbanes- Oxley Act. The measures we take to remediate the deficiency in our internal control over financial reporting and to implement and maintain effective internal controls may also not be sufficient to satisfy our obligations as a public company and produce reliable financial reports, and we may not be able to implement the required controls in a timely fashion, which could have the additional adverse consequences described above. ~~28~~ **Changes** in U. S. and foreign tax laws ; ~~particularly under the current U. S. presidential administration,~~ **Changes** in U. S. and foreign tax laws ; could have a material adverse effect on our business, cash flow, results of operations or financial conditions. We (as well as certain of our subsidiaries, including our subsidiary that is organized as a Singapore company) are subject to federal, state and local taxes in the United States and are also subject to tax in certain foreign jurisdictions. Changes to U. S. tax laws, including limitations on the ability of taxpayers to claim and utilize foreign tax credits and the deferral of certain tax deductions until earnings outside of the United States are repatriated to the United States, as well as changes to U. S. federal income tax laws, such as the recently enacted Inflation Reduction Act of 2022, and others that may be enacted in the future, could impact the tax treatment of our foreign earnings. Due to our international business activities, any changes in the taxation of such activities may increase our worldwide effective tax rate and adversely affect our financial position and results of operations. Significant judgment is required in evaluating our tax positions and our worldwide provision for taxes. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination is uncertain. In addition, our tax obligations and effective tax rates could be adversely affected by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations, including those relating to income tax nexus, if our earnings are lower than anticipated in jurisdictions where we have lower statutory rates and higher than anticipated in jurisdictions where it has higher statutory rates, by changes in foreign currency exchange rates, ~~or~~ **28** ~~or~~ by changes in the valuation of its deferred tax assets and liabilities. We may be audited in various jurisdictions, and such jurisdictions may assess additional taxes against us. Although we believe our tax estimates are reasonable, the final determination of any tax audits or litigation could be materially different from our historical tax provisions and accruals, which could have a material adverse effect on our operating results or cash flows in the period or periods for which a determination is made. Additionally, changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses under future tax reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one- time charges in the current or future taxable years, and could increase our future tax expense, which could have a material adverse effect on our business, financial condition, operating results, and prospects. Certain U. S. state tax authorities may assert that we have a state nexus and seek to impose state and local income taxes which could harm our results of operations. There is a risk that certain state tax authorities where we do not currently file a state income tax return could assert that we are liable for state and local income taxes based upon income or gross receipts allocable to such states. States are becoming increasingly aggressive in asserting a nexus for state income tax purposes. If a state tax authority successfully asserts that our activities give rise to a nexus, we could be subject to state and local taxation, including penalties and interest attributable to prior periods. Such tax assessments, penalties and interest may adversely impact our results of operations. Risks Relating to Privacy and Security If we experience a significant cybersecurity breach or disruption in our information systems or any of our partners’ information systems, our business could be adversely affected. Malicious actors may be able to penetrate our network and misappropriate or compromise our confidential information or that of third parties, create system disruptions or cause shutdowns. Malicious actors also may be able to develop and deploy viruses, worms and other malicious software programs that attack our products or otherwise exploit any security vulnerabilities of our products. We manage and store various proprietary information and sensitive or confidential data relating to our business as well as information from our suppliers and customers. While we employ a number of protective measures, including firewalls, network infrastructure vulnerability scanning, anti- virus and endpoint detection and response technologies, these measures may fail to prevent or detect attacks on our systems due to the frequent evolving nature of cybersecurity attacks. Although these measures are designed to ensure the confidentiality, integrity and availability of our information and technology systems, there is no assurance that these measures will detect all threats or prevent a cybersecurity attack ~~in the future~~. If there are any breaches of our or any of our third party suppliers’ security measures or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data about us or our employees, contractors, customers, suppliers, or other third parties, including the potential loss or disclosure of such information or data as a result of fraud, trickery

or other forms of deception, it could expose us or our employees, contractors, customers, suppliers, or other third parties to a risk of loss or misuse of this information, disruption of business operations, result in litigation, regulatory scrutiny, and potential liability for us, damage our brand and reputation or otherwise harm our business. ~~29~~**In** addition, our hardware and software or third ~~party~~ components and software that we utilize in our products may contain defects in design or manufacture, including “ bugs ” and other problems that could unexpectedly interfere with the operation or security of the products. The costs to us to eliminate or mitigate cyber or other security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant and, if our efforts to address these problems are not successful, could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions. To the extent we experience cybersecurity incidents ~~in the future~~, our relationships with our partners, suppliers and eventual customers may be materially impacted, our brand and reputation may be harmed and we could incur substantial costs in investigating, responding to and remediating the incidents, and in resolving any regulatory investigations or disputes that may arise with respect to them, any of which would cause our business, operations, or products to be adversely affected. In addition, the cost and operational consequences of implementing and adding further data protection measures could be significant. ~~Risks 29~~**Risks** Relating to Our Common Stock and Warrants Our CEO and certain entities affiliated with the CEO (the “ SES Founder Group ”) is a large and significant stockholder and, as a result, we are a “ controlled company, ” which exempts us from certain obligations to comply with certain corporate governance requirements. As of ~~March 10, 2023~~**February 21, 2024**, the SES Founder Group owned approximately 12. ~~54~~**5** % of our outstanding common stock and 58. ~~96~~**9** % of the total voting power. Accordingly, we are a “ controlled company ” for purposes of the NYSE listing requirements. As such, we are exempt from the obligation to comply with certain corporate governance requirements, including the requirements that a majority of our board of directors must consist of independent directors, and that we have nominating and compensation committees that are each composed entirely of independent directors. These exemptions do not modify the requirement for a fully independent audit committee. If we cease to be a “ controlled company, ” we must comply with the independent board committee requirements as they relate to the nominating and compensation committees, subject to certain “ phase-in ” periods. We are controlled or substantially influenced by the SES Founder Group, whose interests may conflict with other stockholders. The concentrated ownership of our dual class common stock could prevent stockholders from influencing significant decisions. The SES Founder Group has the ability to control the outcome of most matters requiring stockholder consent. As our Chief Executive Officer, Dr. Hu has control over our day- to- day management and the implementation of major strategic investments, subject to authorization and oversight by our board of directors. As a board member and officer, Dr. Hu also owes a fiduciary duty to our stockholders and must act in good faith in a manner he reasonably believes to be in the best interests of our stockholders. However, Dr. Hu is still entitled to vote his shares, and has the ability to control the outcome of most matters requiring stockholder consent. This was designed to shepherd our long- term growth amidst significant near ~~term~~ fluctuations and uncertainty in the market. Moreover, for so long as the SES Founder Group holds at least a majority of SES’ s outstanding common stock, it has the ability, through the Board, to control decision- making with respect to SES’ s business direction and policies. Matters over which the SES Founder Group can, directly or indirectly, exercise control include: • the election of SES’ s board of directors and the appointment and removal of our officers; • mergers and other business combination transactions requiring stockholder approval, including proposed transactions that would result in our stockholders receiving a premium price for their shares; and • amendments to SES’ s certificate of incorporation or increases or decreases in the size of our board of directors. Even if the SES Founder Group’ s ownership subsequently falls below 50 %, the SES Founder Group may continue to be able to strongly influence or effectively control our decisions. Provisions in our Certificate of Incorporation (the “ Charter ”) and Delaware law may inhibit a takeover attempt which could limit the price investors might be willing to pay in the future for our common stock and could entrench management. Our Charter and Bylaws contain provisions to limit the ability of others to acquire control of us or cause us to engage in change- of- control transactions, including, among other things: • provisions that authorize our board of directors (the “ Board ”), without action by our stockholders, to authorize by resolution the issuance of shares of preferred stock and to establish the number of shares to be included in such series, along with the preferential rights determined by our Board; provided that, our Board may also, subject to the rights of the holders of preferred stock, authorize ~~30~~**30** shares -- ~~shares~~ of preferred stock to be increased or decreased by the approval of the Board and the affirmative vote of the holders of a majority in voting power of the outstanding shares of capital stock of the corporation; • provisions that permit only a majority of our Board, the Chairperson of the Board or the Chief Executive Officer to call special stockholder meetings; provided, that for so long as Dr. Qichao Hu and certain entities affiliated with Dr. Hu beneficially own at least 50 % of the voting power of the then outstanding shares of our capital stock, special meetings of stockholders may also be called by or at the request of stockholders holding a majority of the issued and outstanding shares of our capital stock; • provisions that impose advance notice requirements and other requirements and limitations on the ability of stockholders to propose matters for consideration at stockholder meetings; and • a staggered board whereby our directors are divided into three classes, with each class subject to retirement and reelection once every three years on a rotating basis. These provisions could have the effect of depriving our stockholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of us in a tender offer or similar transaction. With our staggered ~~Board~~**Board**, at least two annual meetings of stockholders will generally be required in order to effect a change in a majority of our directors. Our staggered Board can discourage proxy contests for the election of our directors and purchases of substantial blocks of our shares by making it more difficult for a potential acquirer to gain control of our Board in a relatively short period of time. Our Charter provides, subject to limited exceptions, that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain stockholder litigation matters, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders. Our Charter requires, to the fullest extent permitted by law, that derivative actions brought in our name, actions against directors, officers and employees for breach

of fiduciary duty and other similar actions may be brought only in the Court of Chancery in the State of Delaware (the “Chancery Court”) and, if brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to the personal jurisdiction of the Chancery Court and having service of process made upon such stockholder in any such action on such stockholder’s counsel. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to these forum provisions. Notwithstanding the foregoing, our Charter provides that the exclusive forum provision does not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Additionally, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended (the “Securities Act”) against us or any of our directors, officers, other employees or agents. However, there is uncertainty as to whether a court would enforce the exclusive forum provisions relating to causes of actions arising under the Securities Act. Although we believe this exclusive forum provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, it may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in our Charter to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition. The price of our common stock has been and may continue to be volatile. The market price of our Class A common stock is affected by a number of factors, including: ● actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us; ● changes in the market’s expectations about our operating results; ● success of competitors; ● our operating results failing to meet market expectations in a particular period; ● changes in financial estimates and recommendations by securities analysts concerning SES or the industry and market in general; ● operating and stock price performance of other companies that investors deem comparable to SES; ● our ability to market new and enhanced products on a timely basis; ● changes in laws and regulations affecting our business; 31● commencement of, or involvement in, litigation; ● changes in our capital structure, such as future issuances of securities or the incurrence of additional debt; ● the volume of shares of our Class A common stock available for public sale; ● any significant change in our Board or management; ● sales of substantial amounts of our Class A common stock by our directors, executive officers or significant stockholders or the perception that such sales could occur; and ● general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations and acts of war or terrorism including disruptions resulting from **the regional conflict-conflicts ; between Russia and Ukraine ● disruptions resulting from public health crises (including pandemics such as the COVID- 19 pandemic) or extreme weather events (including as a result of climate change)**. Broad market and industry factors may depress the market price of our Class A common stock irrespective of our operating performance. The stock market in general and the NYSE have experienced price and volume fluctuations that have often been unrelated or 31 disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for EV battery stocks or the stocks of other companies which investors perceive to be similar to SES could depress our stock price regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of our Class A common stock also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future. Our public warrants may never be in the money, and they may expire worthless. The exercise price for our warrants is \$ 11. 50 per share, subject to adjustment, which exceeds the market price of our Class A common stock, which was \$ 2. 79 per share based on the closing price of our Class A common stock on the NYSE on March 10, 2023. There can be no assurance that the public warrants will ever be in the money prior to their expiration and, as such, the warrants may expire worthless. We may redeem unexpired public warrants prior to their exercise at a time that is disadvantageous to the warrant holders, thereby making the warrants worthless. We may redeem outstanding warrants (excluding any private placement warrants held by the Ivanhoe Capital Sponsor LLC (the “Sponsor”) or its permitted transferees) at any time after they become exercisable and prior to their expiration, at \$ 0. 01 per warrant, provided that the last reported sales price (or the closing bid price of our Class A common stock in the event our Class A common stock is not traded on any specific trading day) of our Class A common stock equals or exceeds \$ 18. 00 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date we send proper notice of such redemption, provided that on the date we give notice of redemption and during the entire period thereafter until the time we redeem the warrants, there is an effective registration statement under the Securities Act covering the shares of our Class A common stock issuable upon exercise of the warrants and a current prospectus relating to them is available. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding warrants could force a warrant holder: (i) to exercise its warrants and pay the exercise price therefore at a time when it may be disadvantageous for it to do so, (ii) to sell its warrants at the then current market price when it might otherwise wish to hold its warrants or (iii) to accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, will be substantially less than the market value of its warrants. Warrants to purchase SES common stock became exercisable on March 3, 2022, which could increase the number of shares eligible for future resale in the public market and result in dilution to stockholders. As of the closing of the Business Combination, there were 14, 213, 280 warrants outstanding. Each warrant entitles its holder to purchase one share of Class A common stock at an exercise price of \$ 11. 50 per share and will expire at 5: 00 p. m., New York time, five years after the closing of the Business Combination or earlier upon redemption of our Class A common stock or our liquidation. To the extent warrants are exercised, additional shares

of Class A common stock will be issued, which will result in dilution to our then existing stockholders and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could depress the market price of our Class A common stock. We may be subject to securities litigation, which is expensive and could divert management's attention. The share price of our Class A common stock has been and may continue to be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. SES may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which 32