

REFINITIV

DELTA REPORT

10-K

SOLID POWER, INC.

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

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TOTAL DELTAS 5428

█ CHANGES 245

█ DELETIONS 3063

█ ADDITIONS 2120

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2022** **December 31, 2023**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **001-40284**



Graphic

SOLID POWER, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

86-1888095

(I.R.S. Employer
Identification No.)

486 S. Pierce Ave., Suite E

Louisville, Colorado

(Address of principal executive offices)

80027

(Zip Code)

(303) 219-0720

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common stock, par value \$0.0001 per share | SLDP | The Nasdaq Stock Market LLC |
| Warrants, each whole warrant exercisable for one share of common stock at an exercise price of \$11.50 | SLDPW | The Nasdaq Stock Market LLC |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the Registrant, as of **June 30, 2022** **June 30, 2023**, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately **\$815.2 million** **\$421.4 million**. Solely for purposes of this disclosure, shares of common stock held by executive officers and directors of the Registrant as of such date have been excluded because such persons may be deemed to be affiliates. This determination of executive officers and directors as affiliates is not necessarily a conclusive determination for any other purposes.

176,782,721 **181,091,826** shares of common stock were issued and outstanding as of **February 27, 2023** **February 26, 2024**.

DOCUMENT INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement relating to its **2023** **2024** annual meeting of stockholders (the **"2023** **"2024** Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The **2023** **2024** Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

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GLOSSARY OF DEFINED TERMS

| Term | Definition |
|--|---|
| 2014 Plan | Solid Power, Inc. 2014 Equity Incentive Plan |
| 2021 Plan | Solid Power, Inc. 2021 Equity Incentive Plan |
| Ah | Ampere hour |
| ASC | Accounting Standards Codification |
| APQP | Advanced Product Quality Planning |
| Audit Committee | Audit Committee of the Board |
| BMW | BMW of North America LLC |
| BMW Holding | BMW Holding B.V. |
| BMW Nomination Agreement | Board Nomination Support Agreement, dated May 5, 2021, between Solid Power and BMW Holding |
| Board | The Board of Directors of Solid Power, Inc. |
| Business combination | The transactions contemplated by the Business Combination Agreement . |
| Business Combination Agreement | Business Combination Agreement and Plan of Reorganization, dated June 15, 2021 by and among the Company, DCRC Merger Sub, Inc., and Legacy Solid Power, as amended. amended |
| Bylaws | Amended and Restated Bylaws of Solid Power, Inc. |
| Closing Date CODM | December 8, 2021 |
| DCRC | Decarbonization Plus Acquisition Corporation III Chief Operating Decision Maker |
| DGCL | Delaware General Corporation Law |
| Electrolyte Supply Agreement | Electrolyte Supply Agreement, dated January 10, 2024, between Legacy Solid Power and SK On |
| ESPP | Solid Power, Inc. 2021 Employee Stock Purchase Plan |
| EV | Battery electric vehicle |
| EV cells | Prototype cell formats between 60 and 100 Ah |
| EV line | Our pilot cell production line that is capable of producing cells between 60 and 100 Ah. |

| | |
|---|--|
| Exchange Act | Securities Exchange Act of 1934, as amended |
| FCPA | U.S. Foreign Corrupt Practices Act |
| Ford | Ford Motor Company |
| GAAP | U.S. generally accepted accounting principles |
| JDA | Joint development agreement |
| Legacy Solid Power | Solid Power Operating, Inc., a Colorado corporation |
| Li2S | Lithium-sulfide |
| Merger Sub Line Installation Agreement | DCRC Merger Sub, Inc. Line Installation Agreement, dated January 10, 2024, a Delaware corporation among Solid Power Korea Co., Ltd., SK On, and, for the limited purposes of Section 12.16 of the Line Installation Agreement, Solid Power |
| NMC | Lithium nickel manganese cobalt oxide |
| OEM | Automotive original equipment manufacturers |
| OSHA | Occupational Safety and Health Act |
| Private Placement Warrants | Warrants sold in a private placement as part of our initial public offering or acquired through a conversion of a working capital loan in conjunction with the business combination. |
| Public Warrants | Our publicly-traded warrants |
| R&D License Agreement | Research and Development Technology License Agreement, dated January 10, 2024, between Legacy Solid Power and SK On |
| Report | This Annual Report on Form 10-K |
| Sarbanes-Oxley Act RSU | The Sarbanes-Oxley Act of 2002, as amended Restricted stock unit |
| SEC | Securities and Exchange Commission |
| Second A&R Charter | Second amended and restated certificate of incorporation of Solid Power, Inc. |
| Securities Act | Securities Act of 1933, as amended |
| Series B Financing | Our \$135.6 million Series B investment round, which closed in May 2021 |

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| | |
|--|--|
| SK On | SK On Co., Ltd. |
| SK On Line | Pilot cell production line at one of SK On's facilities |
| Solid Power / the Company / we / us / our | Solid Power, Inc., a Delaware corporation (f/k/a Decarbonization Plus Acquisition Corporation III) |
| SOX | The Sarbanes-Oxley Act of 2002, as amended |
| SP1 | Our Louisville, Colorado facility, which we primarily use for cell production, research and development, and quality control |
| SP2 | Our Thornton, Colorado facility, which we primarily use for pilot production of electrolyte, research and development, quality control, and general office space |
| Warrants | Private Placement Warrants and Public Warrants |

Solid Power, Inc. | 2022 2023 Form 10-K | 34

[Table of Contents](#)**EXPLANATORY NOTE**

On the Closing Date, we consummated our previously announced business combination pursuant to the Business Combination Agreement following the approval at a special meeting of the stockholders of the Company held on December 7, 2021.

Pursuant to the terms of the Business Combination Agreement, Merger Sub merged with and into Legacy Solid Power, with Legacy Solid Power surviving the merger as a wholly owned subsidiary of the Company. On the Closing Date, the Company changed its name from Decarbonization Plus Acquisition Corporation III to Solid Power, Inc. and on December 9, 2021, the Company's common stock and warrants began trading on the Nasdaq Global Select Market under the trading symbols "SLDP" and "SLDPW," respectively.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report, including any portions of the 2023 2024 Proxy Statement that may be incorporated by reference, contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. We have based these forward-looking statements on our current expectations and projections about future events. All statements, other than statements of present or historical fact included in this Report, regarding our future financial performance and our strategy, expansion plans, market opportunity, future operations, future operating results, estimated revenues, losses, projected costs, prospects, plans and objectives of management are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "would," "will," "expect," "plan," "anticipate," "intend," "believe," "estimate," "continue," "project" or the negative of such terms or other similar expressions. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Report. We caution you that the forward-looking statements contained herein are subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond our control.

In addition, we caution you that the forward-looking statements regarding the Company contained in this Report are subject to the following factors:

- risks relating to the uncertainty of the success of our research and development efforts, including our ability to achieve the technological objectives or results that our partners require, and our ability to commercialize our technology in advance of competing technologies;
- rollout of our business plan and the timing of expected business milestones;
- risks relating to the non-exclusive nature of our original equipment manufacturers OEM and joint development agreement other partner relationships and our ability to manage these business relationships;
- our ability to negotiate and execute supply commercial agreements with our partners on commercially reasonable terms;
- our ability to protect and maintain our intellectual property, including in jurisdictions outside of the United States;
- broad market adoption of EVs and other technologies where we are able to deploy our cell technology, and electrolyte material, if developed successfully;
- our success in attracting and retaining or recruiting, or changes required in, our executive officers, key employees, including technicians and engineers, or directors; other qualified personnel;
- risks and potential disruptions related to management transitions;
- changes in applicable laws or regulations;
- risks related relating to our information technology systems infrastructure and data security breaches;

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- the possibility that we may be adversely affected by other economic, business or competitive factors, including supply chain interruptions, and may not be able to manage other risks and uncertainties;
- risks relating to our status as a research and development stage company with a history of financial losses and with an expectation to incur of incurring significant expenses and continuing losses for the foreseeable future;
- rollout of our business plan ability to secure government contracts and grants and the timing of expected business milestones;
- the termination or reduction availability of government clean energy subsidies and electric vehicle economic incentives;
- delays in the construction and operation of production additional facilities;
- risks relating to other economic, business, or competitive factors in the United States and other jurisdictions, including supply chain interruptions and changes in domestic market conditions, and foreign business, market, financial, political our ability to manage these risks and legal conditions; uncertainties; and
- those factors discussed in "Part I, Item 1A. Risk Factors" in this Report.

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We caution you that the foregoing list does not contain all of the risks or uncertainties that could affect the Company.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, operating results, financial condition and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors, including those described in the section titled "Risk Factors" and elsewhere in this Report. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Report. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

Neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Moreover, the forward-looking statements made in this Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Report to reflect events or circumstances after the date of this Report or to reflect new information or the occurrence of unanticipated events, except as required by law. You should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

TRADEMARKS

Our logo and trademark appearing in this Report and the documents incorporated by reference herein are our property. This document and the documents incorporated by reference herein contains references to trademarks and service marks belonging to other entities. Solely for convenience, trademarks and trade names referred to in this Report may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that the applicable licensor will not assert, to the fullest extent under applicable law, its rights to these trademarks and trade names. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of it by, any other companies.

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MARKET AND INDUSTRY DATA

We obtained the industry and market data used throughout this Report or any documents incorporated herein by reference from our own internal estimates and research, as well as from independent market research, industry and general publications and surveys, governmental agencies, publicly available information and research, surveys and studies conducted by third parties. Internal estimates are derived from publicly available information released by industry analysts and third-party sources, our internal research and our industry experience, and are based on assumptions made by us based on such data and our knowledge of our industry and market, which we believe to be reasonable. In some cases, we do not expressly refer to the sources from which this data is derived. In addition, while we believe the industry and market data included in this Report or any documents incorporated herein by reference is reliable and based on reasonable assumptions, such data involve material risks and other uncertainties and is subject to change based on various factors, including those discussed in the section entitled "Risk Factors." These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties or by us.

INFORMATION ABOUT SOLID POWER

We use our website (www.solidpowerbattery.com) and various social media channels (e.g., Solid Power, Inc. on LinkedIn) as a means of disclosing information about Solid Power and our products to our customers, investors and the public (e.g., [@SolidPowerInc](https://twitter.com/SolidPowerInc) on Twitter, Solid Power Inc. on LinkedIn, and Solid Power on YouTube). The information posted on our websites and social media channels is not incorporated by reference in this Report or in any other report or document we file with the SEC. Further, references to our website URLs are intended to be inactive textual references only. The information we post through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings, and public conference calls and webcasts. In addition, you may automatically receive e-mail alerts and other information about Solid Power when you enroll your e-mail address by visiting the "Investor Email Alerts" section of our website at <https://ir.solidpowerbattery.com>. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Exchange Act, are filed with the SEC. These reports and other information we file with the SEC are available free of charge at <https://ir.solidpowerbattery.com/financial-information> / www.solidpowerbattery.com/investor-relations/financials/sec-filings when such reports are available on the SEC's website.

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PART I

Item 1. Business

Overview

Solid Power is developing solid state solid-state battery technologies to enable the next generation of rechargeable batteries technology for the fast-growing EV and other markets, additional markets served by battery manufacturers.

Our core technology is our proprietary sulfide-based solid electrolyte material, which replaces the liquid or gel electrolyte used in conventional traditional lithium-ion batteries. We believe that our electrolyte material can enable extended improve driving range, longer battery life, improved safety performance, and lower costs compared to conventional lithium-ion battery costs.

We are also are designing and developing solid state solid-state cells that utilize with our electrolyte, in with the cathode, anode, aim of commercializing our technology by selling our electrolyte material and separator layers. Our most mature licensing our cell design uses a silicon anode, NMC cathode, designs. This approach is capital light, unlike other battery manufacturers who require significant production facilities and solid separator. We are in earlier research development equipment. This strategy allows us to focus on additional cell designs, including lithium-metal, an anode-less design our core strengths of electrolyte production and a cell that replaces the nickel and cobalt in the cathode with earth abundant materials, solid-state technology development.

We currently produce 0.2 Ah, 2 Ah, 20 Ah, our electrolyte on a pilot manufacturing line, which is used in our cell development and EV for customer sampling. We currently develop our cells on our two pilot lines, using established manufacturing processes. To producing multiple cell sizes to both support

testing requirements of our partners and further refinement of our refine cell design, we will continue to produce 2 Ah, 20 Ah and EV cells during 2023. Longer-term, we expect to use our pilot lines to further our focus on research and development activities. development.

We have partnered with industry leaders including BMW, Ford, BMW, and SK On. We are working On and will continue to work closely with each of these our partners to refine and validate our improve cell designs, and produce electrolyte material, with the ultimate goal to and commercialize our technologies.

The technology. Our products we are currently make are in the development stage and require continued development further research and validation improvement before we can commercialize either our electrolyte or cell technology. For more information, see "Risk Factors — Factors—Risks Related to Development and Commercialization."

Business Model

Our business model currently has two strategic elements:

- **Selling** our electrolyte material.
- **Licensing** our cell designs and manufacturing processes.

We believe this business model distinguishes us from many of our competitors that seek to become who are becoming commercial battery manufacturers. Ultimately, we endeavor Our goal is to be become a leading producer and distributor provider of sulfide-based solid electrolyte material for powering both EVs and other applications. markets. We intend to sell our electrolyte to customers that license our cell technology and those which have their own cell designs. Since we do not intend plan to commercially produce battery cells long term or build gigafactories, we expect to invest significantly less than other development-stage battery companies that plan to commercially manufacture their own cell designs and construct their own battery production facilities. developers.

Benefits of Our Technologies Technology

Driving Range

We have designed our electrolyte and cells with targeting the expectation they will have higher energy compared to following potential benefits over traditional lithium-ion battery cells. We expect higher energy cells to provide OEMs with the flexibility to balance cost and driving range when designing their EVs. batteries:

- **Driving Range** – Higher energy capabilities to increase driving ranges.
- **Battery Life** – Improvement in high temperature stability to provide longer battery lives.
- **Safety** – Improved safety performance as our battery cells use zero liquids or gels, which can be highly flammable and volatile, and the fact that our proprietary electrolyte has higher ignition points.
- **Cost** – Our manufacturing processes reduce the time, cost, and space required and may allow OEMs to reduce costly pack materials and cooling systems.

We expect our electrolyte will improve high temperature stability of our cells compared to conventional lithium-ion technology. This could allow for the removal or reduction of battery pack cooling systems. A potential additional benefit could be a longer life of the cell and less permanent degradation in battery capacity at higher temperatures.

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Safety

We believe solid electrolytes can improve the safety of battery cells because conventional lithium-ion batteries use a liquid or gel electrolyte that is highly flammable and volatile under certain circumstances. Our solid electrolyte has a much higher ignition point than traditional liquid or gel electrolytes, which means it has the potential to be safer than conventional lithium-ion.

Cost

We anticipate cell designs incorporating our electrolyte will cost less to produce than conventional lithium-ion. This is enabled in part because our cell designs can be manufactured with existing industry-standard manufacturing processes and equipment. The processes we have adopted have the potential to reduce the time, cost and space needed to manufacture cells. Additionally, we are in the early stages of developing a cell that replaces the nickel and cobalt in the cathode with earth abundant materials. If we are able to successfully develop this technology, it could cut cathode costs by up to 90%.

2022 Highlights

Fiscal year 2022 was an important and successful year for Solid Power during which we installed critical infrastructure, enhanced our electrolyte and cell development capabilities, expanded our relationship with BMW, and added critical team members. Our key 2022 highlights are below and discussed elsewhere in this Business section:

Electrolyte facility. We began construction of a pilot electrolyte production line. We expect this facility to come online in the first quarter of 2023. We anticipate this facility will be capable of producing up to 30 metric tons of electrolyte per year, which we expect to be sufficient to support demand until commercialization.

Installation of the EV line. We successfully installed the EV line and began producing our first EV cells. We expect to utilize the EV line for the automotive qualification process and for vehicle demonstration purposes. The EV line is designed to ultimately produce up to 300 EV cells a week.

Delivery of 20 Ah cells to our partners. We were able to successfully produce and deliver hundreds of 20 Ah cells to our automotive partners and third-party testing agencies as part of our JDA programs. In addition, our 20 Ah cells recently received UNDOT 38.3 certification, which is required to demonstrate the safety of our cells during shipping.

BMW R&D technology transfer. We entered into our first research and development-only license agreement with BMW, which will allow BMW to replicate our pilot cell lines at their own facilities and develop cells based on our designs.

Our Growth and Research & Development Strategy

Our research and development activities focus on making continual improvements to improving our electrolyte and cell technologies with the ultimate goal of commercializing technologies to commercialize products that will outperform conventional lithium-ion. While we believe our we have reasonable goals are achievable, and our a reasonable roadmap to hitting hit those goals, is reasonable, as with any company that is developing novel technology, our strategy, forecasts, and timetables are subject to change. For more information, see "Risk Factors—Risks Related change similar to Development and Commercialization." any technology developer. Our research and development activities are currently focused on the following initiatives:

Electrolyte Development

Our electrolyte is a sulfide-based material comprised of lithium sulfide and other proprietary inputs. We believe most OEMs and battery manufacturers have a future technology roadmap which includes sulfide-based, solid-state cell products which can utilize our electrolyte. Our growth and development for electrolyte is focused on:

Expanding electrolyte production. In 2023, we commissioned an electrolyte production facility with an annual capacity of 30 metric tons. We can further scale electrolyte capacity based on partner needs and market reception.

Customer sampling. We are providing electrolyte samples to potential OEMs and battery manufacturer customers to develop commercial markets for our electrolyte. We are receiving feedback and tailoring our electrolyte to meet their needs. Samples provided from larger scale production batches are preferable to potential customers.

Continued development of electrolyte materials. Our first generation of electrolyte is primarily used in cells we manufacture. We are constructing a new electrolyte research and development lab and are producing limited volumes of our second-generation electrolyte to improve performance, manufacturability, and cost.

Supply chain improvements. We currently source Li2S from leading lithium and chemical companies globally. However, we are also developing our own production abilities to address potential supply risks and potentially lower costs.

Cells

Our first generation EV cells are multi-layered stacked pouch designs made with a nickel, magnesium, and cobalt (NMC) cathode, a silicon-based anode, and our electrolyte as a separator. We believe the cell advances we are making in solid-state electrolyte technology will improve EV manufacturability and performance. As we continue to scale develop our electrolyte capabilities, we are focused on cell technology, our focus is on the following:

Expand sulfide-based solid electrolyte production *Driving incremental performance improvement to meet OEM specifications.* We currently produce approximately 2 metric tons of electrolyte per year. After we initiate electrolyte production on our new line, we expect to have the capacity to produce approximately 30 metric tons of electrolyte per year. We intend to scale our electrolyte capacity based on market adoption and the electrolyte needs worked closely with each of our partners to develop a cell roadmap to meet their ultimate commercial performance targets. To hit those targets we need to continue to make improvements in cell performance. In 2023, we delivered our first A1 cells and made improvements in energy density, pressure, cycle life, low temperature performance, and other potential customers. metrics.

As we have scaled our cells up to the EV cell size, our safety performance has been varied, with a small number of cells going into thermal runaway in a controlled environment. A key objective for 2024 is to further improve cell performance across the board to meet the more demanding targets in the A2 and A3 cells. We have shifted our primary focus to our A2 cells, which incorporate planned designs and material modifications that we expect will improve overall cell performance, including safety.

Continue to invest in next-gen battery cell innovations. Our research and development teams are working on second generation lithium metal and anode free cells. Our focus on development of a third generation nickel- and cobalt-free battery cell could remove these costly and difficult to obtain materials from batteries. Each of these technologies are significantly earlier in development than our current EV cell.

2023 Highlights

During 2023, we significantly enhanced electrolyte production capabilities, achieved major milestones for our cell development, increased collaboration with our global partners, and identified strategic priorities that we believe will form the basis for our 2024 goals. Specifically, our key highlights for 2023 included:

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Continue

develop **Advances in electrolyte production and path to market.** We began producing electrolyte powder from our SP2 electrolyte production facility in April 2023. By the end of the year, we had qualified SP2 electrolyte materials and performance. Our first generation of electrolyte is primarily used for use in our EV cells, we manufacture. We have started producing limited volumes utilized it in the manufacturing of our second-generation A1 EV cells, phased out SP1 electrolyte production, and will increase ramped electrolyte production volumes based on external at SP2. Having demonstrated our ability to produce electrolyte at this scale, we sampled SP2 electrolyte to multiple new potential customers, partners and internal demand. Our second-generation electrolyte has demonstrated industry leaders. These samples have yielded positive feedback. We believe improved performance characteristics compared to our first-generation electrolyte, especially with respect to ionic conductivity. Better ionic conductivity can improve charge rates production capabilities and cell performance. We are continuously working to improve the performance and anticipated cost continued robust customer sampling will drive commercialization of our electrolyte materials and electrolyte.

Significant cell development progress. In late 2023, we made our first A1 EV cell deliveries to develop new materials.

Increase lithium sulfide production. We currently take a multi-pronged approach to secure the Li2S needed to make our electrolyte. We currently source Li2S from leading lithium and chemical companies globally. While we expect Li2S production to increase significantly with commercialization of sulfide-based cells, we are also developing a low-cost Li2S production method to address potential supply chain risks.

Cell Development

As we continue to develop our cell technology, we are focused on the following:

Drive cell performance improvements to meet OEM specifications. We have worked closely with each of our partners to develop a roadmap to meet their ultimate commercial performance targets. While we believe our roadmaps are achievable, we will need to continue to improve our overall cell performance, including energy density, pressure, cycle life, low temperature performance, and safety. We recently began safety testing of our 20 Ah cells. The results of certain safety tests were inconsistent with the results from the same tests on our 2 Ah cells. A key objective for 2023 is to develop solutions to match the results of the 2 Ah cells with our 20 Ah cells. As we work **BMW** to formally enter automotive **qualification** qualification. The achievement of this milestone was preceded by improved manufacturing yields and consistency which enabled us to more efficiently begin large-scale production.

Increased collaboration with BMW. After expanding our relationship with BMW in late 2022, Solid Power and BMW employees worked side-by-side developing our solid-state technology. These efforts drove our ability to deliver A1 Sample cells to BMW in late 2023. Delivering A1 Sample cells to BMW was a key step for BMW's demo car program, which seeks to power a full-sized BMW EV using our EV cells. During 2024, we intend to work closely with BMW to demonstrate that our A2 EV cell meets BMW's requirements for its demo car program.

New Leadership. During 2023, we **will continue** appointed John Van Scoter as our new President and Chief Executive Officer and transitioned the Board chairperson responsibilities to **refine** our cell designs and manufacturing processes to **improve** John Stephens after the **performance** retirement of our **cells**, previous Chief Executive Officer and Chairperson of the Board, David Jansen.

. As we moved from producing 2 Ah cells to the larger 20 Ah cells, our manufacturing yields were lower than we anticipated. We have implemented cell design improvements that better match the manufacturing capabilities of our pilot lines, which we expect will result in continued yield improvements.

Invest in next-gen battery cell innovations. In January 2023, we were awarded a \$5.6 million research grant from the U.S. Department of Energy ARPA-E group to continue our development of nickel- and cobalt-free battery cells. This generation of cells, which is enabled by our electrolyte technology, could completely remove nickel and cobalt from the cathode, which can represent up to 90% of current cathode costs. Our research and development teams also are working on lithium metal cells and a cell that is anode free. Each of these technologies are significantly earlier in development than our current EV cell.

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The Path to Automotive Qualification

Our cell technology must meet demanding OEM standards before **they can be incorporated** incorporation into EVs. Our plan follows a **staged multi-staged** product development approach guided by **APQP** APQP, with definitions of each stage uniquely defined by our OEM partners. The following table highlights the **general high-level** stages and standards we believe will need to be met for our technology to be integrated into EVs:

| Category | Stage | Standard | Solid Power Cell Format |
|--------------|----------------------------|--|-----------------------------|
| Pre-A sample | Proof of concept | 1. Produce cells to demonstrate functionality towards basic product requirements. | 0.2 Ah, 2 Ah, 20 Ah, and EV |
| A-sample | Cell concept validation | 1. Evaluate multiple designs against customer requirements. 2. Suppliers tested and selected ahead of B-sample. | EV |
| B-sample | Cell design validation | 1. Cell design is frozen. 2. Samples are produced on pilot equipment. 3. Ensure sample performance meets customer specifications. 4. Module and pack testing and validation begins. | EV |
| C-sample | Cell process validation | 1. Frozen design manufactured on production equipment. 2. Ensure production samples continue to meet customer specifications. 3. Continued pack testing and prototype vehicle integration. | EV |
| D-sample | Cell production validation | 1. Full cell production rates, quality and process certifications. 2. Vehicle level testing. | EV |
| Product | Sales product | 1. Supply customer at requested volumes. | EV |

We are currently producing Pre-A sample 20 Ah and EV cells. We are focused on demonstrating that our Pre-A sample cells will meet our partner's basic requirements for vehicle integration. A During 2023 we reached a major 2023 goal is to produce of delivering A1 EV cells to formally enter A-sample testing. BMW, marking the formal entry into automotive qualification.

Once we formally begin the automotive qualification process with an A-sample, we We now expect to work closely with our partners to refine incrementally improve our cell designs performance to meet their performance requirements. We anticipate that we will need to produce and test multiple A-sample variations before finalizing the design and progressing to B-sample. One or more of our partners may elect decide to produce their own B-sample cells to customize the cells for their specific needs or to have more supply chain control. After we enter A-sample, we cells. We intend to work with each of our partners to determine the preferred approach for B-sample production.

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Due to the requirement that C-sample and D-sample cells are produced on production equipment rather than pilot equipment, we intend to partner with OEMs and/or top tier cell manufacturers for this stage of development rather than produce C-sample or D-sample cells at our facilities. ourselves.

Partnerships

Since we do not contemplate becoming a mass commercial cell producer, manufacturer, one of our key goals is to establish and expand partnerships with OEMs and cell manufacturers. Our joint development agreements JDAs with BMW, Ford, and SK On are non-exclusive. This allows non-exclusive allowing us the ability to pursue additional relationships with other OEMs or cell manufacturers. We intend to focus on establishing and expanding our partnership relationships with additional OEMs and cell manufacturers through both our cell designs and electrolyte material. The ultimate commercial success of our partnership relationships is subject to various risks and uncertainties. For more information, see "Risk Factors — Risks Related to Development and Commercialization." manufacturer relationships. The following sets forth the material terms of our JDAs with each of BMW, Ford, and SK On.

BMW Group

We have a long-standing relationship with BMW, which began in 2016. Our relationship initially focused on cell research and development, and in 2017, we announced a partnership to jointly develop solid-state battery cell technology. In 2021, BMW and Solid Power expanded the partnership with BMW Holding's participation in the Series B Financing and with the execution of a JDA for EV cells for testing and vehicle integration with BMW.

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Generally, the The JDA with BMW sets out the collaborative framework for collaboration on the research and development and vehicle integration of solid-state battery cells. The JDA requires us to continue our research and development efforts such that our products are capable of being deployed towards deployment in BMW's EVs. Though our anticipated timing for achievement of the various milestones and development targets continues to evolve under the JDA, we are currently targeting delivery of A2 EV cells to BMW in 2023, 2024. Additionally, the terms of the JDA permit BMW to share in certain intellectual property developed through the these research and development efforts required under the JDA. efforts. Solid Power's ability to share developments gained through the course of performance of the JDA with its other partners is limited in certain circumstances. The JDA also contemplates that we will enter into entering additional agreements with BMW for purchase and pricing of electrolyte materials, for integration into cell designs, as well as licensing our cell technology to cell producers. However, the The key commercial terms of such additional arrangements have not yet been determined.

During 2022, we amended our JDA with BMW to provide BMW with a research and development-only license to certain of our intellectual property relating to cell manufacturing. The license allows among other things, for BMW to install a solid-state prototype cell manufacturing line based upon our proprietary information. In consideration of the license information and additional development activities under the JDA, BMW agreed to pay us \$20 million between December 2022 and June 2024, subject to our achieving certain milestones. Under the amended JDA, and prior to the installation of BMW's

anticipated prototype cell manufacturing line. During 2023, we expect to engage engaged with BMW in joint development and manufacturing activities at our facilities. Under the terms of the amended JDA, any intellectual property developed jointly by BMW and Solid Power at our facilities will be solely owned by us. Finally, we We expect to negotiate a non-exclusive short-term electrolyte supply agreement allowing us to supply BMW with our electrolyte material for use in BMW's cell manufacturing, which is expected to commence in 2024 following commissioning of BMW's prototype cell manufacturing line.

Pursuant to the BMW Nomination Agreement, BMW Holding has the right to nominate a director for election to our Board. Rainer Feurer, Senior Vice President at BMW and BMW Holding's nominee, has served on our Board since December 2021 and was a director of Legacy Solid Power from May 2021 until December 2021, in each case pursuant to the BMW Nomination Agreement. Also, BMW Holding has the right to designate an individual to attend meetings of our Board and its committees in a non-voting, observer capacity.

Ford Motor Company

We started our relationship with Ford in 2018, when it participated in our Series A-1 equity financing by providing both business plan validation and capital financing. In 2019, we announced an investment by Ford and partnership to jointly develop solid-state battery cells using our pilot production line. In 2021, we expanded our partnership with Ford's participation in the Series B Financing and the execution of a JDA relating to testing and vehicle integration of our EV cells. In 2023, we amended our JDA with Ford to extend the expiration date to December 31, 2024 and to revise our cell and electrolyte delivery obligations.

Generally, the The JDA with Ford sets out the framework for the collaboration on the research and development of our cells. The JDA requires us to continue our research and development efforts such that our products are capable of being deployed towards deployment in Ford's EVs. Though our anticipated timing for achievement of the various milestones and development targets continues to evolve under the JDA, we are currently targeting delivery of EV cells to Ford in 2023, 2024. Additionally, the terms of the JDA permit Ford to share in the certain intellectual property developed through the these research and development efforts required under the JDA. Solid Power's ability to share developments gained through the course of performance of the JDA with its other partners is limited in certain circumstances. The JDA also contemplates that we will enter entering into additional agreements with

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Ford for purchase and pricing of electrolyte materials, for integration into cell designs, as well as licensing our cell technology to cell producers. However, the The key commercial terms of such additional arrangements have not yet been determined.

SK On

In October 2021, we entered into a non-exclusive JDA with battery manufacturer SK On for joint production of our EV cells and, contemporaneously, and in cells. In connection with the closing of the business combination, SK On invested \$30 million in into our company. The JDA contemplates that SK On and Solid Power will collaborate to validate that Solid Power's cell designs and production processes are scalable and compatible with existing lithium-ion production technology, to enable enabling us to deliver pre-commercial cells to our OEM customers as part of the APQP process, customers.

Under the terms of the JDA, we expected that Solid Power would produce B-sample EV cells in 2023 at our headquarters in Louisville, Colorado and SK On would be capable of producing the Solid Power-designed C-sample EV cells in 2024 at its facilities, each as part of the APQP process. However, due to the pace of development by both parties and delayed planned market adoption of

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solid-state batteries in general, we ~~do will~~ not currently expect to meet those target dates. We are working collectively with SK On in connection with a revised development roadmap and associated expected timing. The terms of the JDA permit SK On to share in the intellectual property developed through the joint production efforts required under the JDA. The JDA also contemplates that Solid Power and SK On will, upon the fulfillment of certain milestones, ~~under the JDA~~, negotiate a commercial agreement, which ~~agreement~~ is expected to cover terms and conditions for the sale of our electrolyte materials and licensing terms for our cell designs, manufacturing techniques, and production practices. We intend

In January 2024, we entered into expanded agreements with SK On to ~~negotiate~~ include a research and development license, a line installation arrangement, and an electrolyte supply agreement. Under the ~~commercialization agreement simultaneously with fulfilling our obligations~~ research and development license, SK On will license Solid Power's cell designs and manufacturing processes in exchange for payments totaling \$20 million from 2024 to 2027, upon achievement of milestones. The license limits SK On to research and development activities and may not be used for commercial cell production. The line installation arrangement provides that Solid Power will design, procure, and install a new cell manufacturing line at one of SK On's Korea facilities in exchange for an estimated \$22 million, upon achievement of milestones. SK On has also agreed to purchase Solid Power's electrolyte for use on its new line in Korea through Solid Power's first-of-its-kind electrolyte supply agreement. Initially, under the ~~JDA for~~ electrolyte supply agreement, SK On will purchase electrolyte to validate its new solid-state line. After validation, SK On is required to purchase at least eight metric tons of electrolyte from Solid Power through 2030, which it will use in advancing its cell ~~production~~ technologies. Depending on volumes, Solid Power expects to receive at least \$10 million from these electrolyte sales.

Manufacturing and Supply

We have designed our manufacturing processes to use much of the same equipment currently used in ~~production of~~ conventional lithium-ion battery cells. Since inception, manufacturability has been fundamental to our strategy. This drove the selection of a sulfide-based solid electrolyte solution and our subsequent research and development cell production. We believe that using industry standard production processes and equipment reduces commercialization risk and ~~can allow~~ allows for a more rapid and broad deployment of technology among early adopters. ~~our technology~~.

Our electrolyte is made from abundant materials produced at industrial scale in multiple geographical locations, except for the Li2S precursor material. Since we anticipate our Li2S need for Li2S to significantly increase upon commercialization, of sulfide-based cells, we are taking a two-pronged approach to secure ~~the necessary supply of Li2S: supply~~: sourcing from multiple global entities ~~and as well as~~ working to develop ~~in-house~~ processes to produce ~~material in-house using novel production methods~~, ~~material~~.

~~Our~~ We currently manufacture all of our cell design is a multi-layered stacked pouch cell, which we manufacture ourselves. We also manufacture designs ourselves, including our cathode ~~cathodes~~ and anode ~~anodes~~, using materials sourced from external suppliers. We source other input materials from both industry leading and emerging suppliers. Our two pilot production lines have successfully produced prototype cells in 0.2 Ah, 2 Ah, 20 Ah, and EV cell form factors, ~~various sizes~~.

Intellectual Property

Our proprietary battery material and cell technology is protected through a combination of patents, patent applications, and trade secrets. Our patent portfolio includes technologies ~~we invented, by us~~, in addition to exclusive licenses obtained from the University of Colorado Boulder and Oak Ridge National Laboratory. Solid electrolyte materials and methods of production make up the largest portion of our patent application filings. Additional subjects include electrode and cell designs, cell processing methods, and electrolyte precursor methods, among others. We accelerated our patent application filings in ~~2022 recent years~~ and are continuing that acceleration in ~~2023, 2024~~. We regularly file new applications in areas that are enforceable ~~and/or reverse-engineerable~~. Processes for

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manufacturing sulfide-based solid electrolyte materials and solid-state cells make up the majority of our trade secrets. As of ~~February 1, 2023~~ February 1, 2024, we owned or exclusively licensed ~~13~~ 14 issued United States patents, ~~and 38~~ 64 pending United States patent applications, ~~48~~ 85 non-United States and PCT patents and applications, and ~~two~~ 2 registered United States trademarks, 2 pending United States trademarks, and 8 registered or pending non-United States trademarks. We further protect our intellectual property with non-disclosure agreements for all employees, ~~and~~ consultants, and ~~other~~ third parties, material transfer agreements, and non-disclosure agreements with third parties. ~~license agreements~~.

Competition

Performance improvements in next-generation battery and EV technologies will contribute to global adoption of EVs. This trend has heightened competition in the industry and increased the risk of potential brought new entrants which could negatively impact into the success of our business, results of operations or financial condition. industry.

We compete directly with both established and emerging EV battery cell producers and materials suppliers. As we get closer to start-of-production for the next generation of EVs, new and emerging battery technologies could create impediments to our commercial success. Nonetheless, we believe we are well-positioned across the battery cell technology value chain, including material and cell development, production techniques, and our business model. Our prospective competitors include major OEMs and top tier battery producers currently supplying, producing and developing batteries for EVs.

A number of mature and development-stage companies are seeking to improve conventional lithium-ion battery cells or to develop new technologies for solid-state battery cells and cell components. Some of these companies have established relationships with OEMs and are in varying stages of development.

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We believe our ability to compete successfully with both traditional lithium-ion and new battery cell technology and with other companies seeking to develop solid-state battery cells will depend on several factors, including electrolyte performance and cost, safety, energy density, and battery life, and on non-technical factors such as brand, established customer and partner relationships, and financial and manufacturing resources. We believe our close working relationships with BMW, Ford, BMW, and SK On can expedite our research and development process relative to our competitors by creating a constant feedback loop allowing for more rapid and intelligent iterations.

Government Regulation and Compliance

We are subject to substantial regulation in the United States and abroad, including international, federal, state, and local laws which may vary from country to country and are subject to change. Government regulations frequently control how battery cells and their components are stored, transported, used and disposed of. We are subject to regulations governing the proper handling, storage, disposal and transportation of products containing hazardous materials, including federal regulations governing transport of battery cells and state laws relating to recycling and disposal of battery cells.

We are subject to federal and state environmental laws and regulations regarding the handling and disposal of hazardous substances and solid waste. These laws regulate the generation, storage, treatment, transportation, and disposal of solid and hazardous waste and may impose strict, joint, and several liability for the investigation and remediation of areas where hazardous substances may have been released or disposed. In the course of ordinary operations, we, through third parties and contractors, may handle hazardous substances within the meaning of the Comprehensive Environmental Response, Compensation, and Liability Act and similar state statutes and, as a result, may be jointly and severally liable for all or part of the costs required to clean up sites at which these hazardous substances have been released into the environment. We are also subject to the strict requirements of the Resource Conservation and Recovery Act and comparable state statutes for the generation or disposal of solid waste, which may include hazardous waste. We believe that we are in material compliance with applicable environmental laws and regulations. The cost of compliance with such laws and regulations has not had a material adverse effect on our capital expenditures, earnings, or competitive position and is not anticipated to have a material adverse effect in the future. However, we cannot guarantee that we are in full compliance with all environmental laws and regulations or that we will be able to comply with any future requirements or changes in such laws and regulations without significant costs.

OSHA and comparable laws in other jurisdictions regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard requires that information be maintained about any hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities, and the public.

In many cases, our products — including our cells and related technology — are or may in the future be subject to trade and export control laws and regulations in the United States and other jurisdictions where we do business. Such laws may include the export administration regulations and similar export control regimes, trade and economic sanctions maintained by the Office of Foreign Asset Control and other similar agencies, foreign direct investment rules and regulations, tariffs and quotas, and other related regulations in jurisdictions in which we operate. In particular, an export license may

be required to export or re-export our products and technology to certain countries or end-users or for certain end-uses or such export, re-export, or end uses may be prohibited. Obtaining the necessary export license for a particular sale or offering may not be possible or may be time-consuming and may result in the delay or loss

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[Table of sales opportunities. Any failure to adequately address these legal obligations could result in civil fines or suspension or loss of our export privileges, any of which could materially adversely affect our business, financial condition, and results of operations.](#) [Contents](#)

In addition, our business may be we are subject to the Foreign Corrupt Practices Act FCPA and other anti-corruption, anti-bribery, and anti-money laundering laws and regulations in the jurisdictions in which we have offices or do business, both domestic and abroad. Any failure to adequately comply with any of these obligations, or future changes with respect to any of these legal regimes, could cause us to incur significant costs, including the potential for new overhead costs, fines, sanctions, and third-party claims.

Human Capital

As of ~~February 1, 2023~~ February 1, 2024, we employed 236 over 270 full-time employees, primarily based out of our facilities in Louisville, Colorado and Thornton, Colorado. This represents a growth of over 100 40 employees in the past year. Many of our employees have a technical background or hold advanced engineering and scientific degrees. We are committed to increasing diversity in the workforce and we believe building and maintaining an inclusive and positive equitable culture is important for our success.

We are committed to compensating our employees in a competitive manner. We have taken steps to comply with Colorado's Equal Pay for Equal Work Act. We offer competitive salaries and benefits, as well as a robust equity compensation plan, all with the intention of attracting and retaining team members capable of making our company a world leader in solid-state electrolyte production and solid-state battery development. Our compensation decisions are driven by individual contributions, the overall market, and how critical the role is to our success.

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To date, we have not experienced any work stoppages and we consider our relationship with our employees to be good. None of our employees are either represented by a labor union or subject to a collective bargaining agreement.

Information about our Executive Officers

Set forth below, in alphabetical order, is a list of our executive officers as of ~~February 28, 2023~~ February 28, 2024, including each executive officer's principal occupation and employment during the past five years and reflecting recent organizational changes. None of our executive officers has any family relationship with any other executive officer, and none of our executive officers became an officer pursuant to any arrangement or understanding with any other person. Each executive officer has been elected to serve until his successor is appointed or his earlier death or removal or resignation from such office. Each executive officer's age is set forth in the table next to his name.

| Name | Position | Age |
|-------------------------|---|-------|
| Joshua Buettner-Garrett | Chief Technology Officer | 37 |
| David Jansen | Interim Chief Executive Officer, President, Chairman of the Board, and Class III Director | 61 38 |
| Derek Johnson | Chief Operating Officer | 45 46 |
| James Liebscher | Chief Legal Officer and Secretary | 42 43 |
| Kevin Paprzycki | Chief Financial Officer and Treasurer | 52 53 |
| John Van Scoter | President, Chief Executive Officer, and Director | 62 |

Joshua Buettner-Garrett serves as our Chief Technology Officer. He served as Legacy Solid Power's Chief Technology Officer since November 2013. Prior to joining Legacy Solid Power, he served as Program Manager of the Energy Storage Group at ADA Technologies, Inc., a research and product development business, from 2011 to 2013. He served as a Senior Research Scientist in the ADA Technologies' Energy Storage Group from 2010 to 2011. Mr. Garrett holds a B.S. in Mechanical Engineering from Arizona State University and a M.S. in Mechanical Engineering from Colorado State University.

David Jansen serves as our Interim Chief Executive Officer, President, Chair and a Class III Director of Solid Power. He served as Legacy Solid Power's President since February 2017 and was an advisor to the company since its inception. He was a member of Legacy Solid Power's board of directors since March 2014. Mr. Jansen previously served as a Managing Partner of Murphee Colorado, a small business venture capital fund, from 2002 to 2010. From 2005 to 2009, he served as the President and Chief Executive Officer of Advanced Distributed Sensor Systems, which developed and manufactured remote sensors for intelligence, surveillance and reconnaissance applications. He has also served on a variety of boards and has been involved with helping startups from formation to exit. Mr. Jansen has a B.S. in Electrical Engineering from the University of Arizona.

Derek Johnson serves as our Chief Operating Officer. He served as Legacy Solid Power's Chief Operating Officer since January 2020. From September 2016 to January 2020, he served as Vice President of Global Research and Development at A123 Systems (A123), a developer and manufacturer of lithium-ion batteries and energy storage systems for automotive applications. His responsibilities ranged from new technology development and IP generation, customer and strategic partner engagement, and production strategy and supply chain rationalization, prior to which he served as the Executive Director of R&D at A123, from April 2015 to September 2016. Dr. Johnson serves as a director of Symbios Technologies, LLC, an aqueous plasma technology platform, and previously served as its Director of Technology Development, Senior Scientist and Engineer from April 2009 to January 2014. He also serves as the President of Fields of Hope, a non-profit focusing on enriching the lives of at-risk youth. Dr. Johnson holds a B.S. in Environmental Engineering from the University of Florida, an M.S. in Chemical Engineering from Colorado State University, and a Ph.D. in Chemical and Biochemical Engineering from Colorado State University. Dr. Johnson has published 16 peer reviewed publications and holds 38 patents.

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James Liebscher serves as our Chief Legal Officer and Secretary. He served as Lead Corporate Attorney of Legacy Solid Power from June 2021 through the closing of the business combination. Mr. Liebscher was a senior attorney at Aspect Holdings, LLC, an international energy company, from February 2020 until June 2021. He previously was in private practice as a securities and corporate attorney at Polsinelli PC from August 2016 until February 2020 and Dufford & Brown, P.C. from October 2014 until August 2016. Prior to his legal career, he served for nine years in the United States Air Force as an airborne cryptologic linguist. Mr. Liebscher holds an LL.M. in Securities and Financial Regulation from Georgetown University Law Center, a J.D. from the University of Notre Dame Law School, and a B.S. in Business Administration from Bellevue University.

Kevin Paprzycki serves as our Chief Financial Officer and Treasurer. He served as Legacy Solid Power's Chief Financial Officer since October 2021. Prior to joining Legacy Solid Power, Mr. Paprzycki served as Chief Financial Officer, Treasurer and

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Corporate Secretary (Principal Financial Officer and Chief Accounting Officer) of Scott's Liquid Gold-Inc. (SLGD) since June 2018, a member of its board of directors since 2019, and began serving as interim co-President in April 2021. Prior to joining SLGD, Mr. Paprzycki was employed by Westmoreland Coal Company and its subsidiary, Westmoreland Resource Partners, LP, where he served as Chief Executive Officer from December 2015 to November 2017, as Westmoreland Coal Company's Chief Financial Officer from May 2006 to December 2015 and Westmoreland Resource Partners' Chief Financial Officer from December 2014 to July 2015. Mr. Paprzycki was also a member of each company's board of directors. Subsequent to his employment with the Westmoreland entities, on October 9, 2018, both Westmoreland entities filed voluntary petitions in the United States Bankruptcy Court for the Southern District of Texas seeking relief under the provisions of Chapter 11 of Title 11 of the United States Code.

John Van Scoter serves as our President, Chief Executive Officer, and Director. He has served as our Chief Executive Officer, President and as a Class I Director since June 2023. Prior to joining Solid Power, Mr. Van Scoter served as Vice President, General Manager Products at SRI International Inc., an independent nonprofit research institute, from 2019 until June 2023. Prior to joining SRI, Mr. Van Scoter was the CEO, President and Chairman of eSolar, Inc., an early-stage solar power plant technology company, from 2010 until 2018. Prior to eSolar, he held multiple leadership positions over an almost 30-year career with Texas Instruments Incorporated (Nasdaq: TXN), including as Senior Vice President, Alternative Energy Strategy and Senior Vice President, General Manager of DLP® Products Division. Mr. Van Scoter served on the board of directors of TE Connectivity Ltd. (NYSE:TEL) from 2008 until 2018. Mr. Van Scoter holds a B.S. in Mechanical Engineering from the University of Vermont.

Item 1A. Risk Factors

Our business is subject to numerous risks and uncertainties that you should be aware of in evaluating our business. If any such risks and uncertainties materialize, our business, prospects, financial condition and results of operations, and financial condition could be materially and adversely affected.

The risks described below are not the only risks that we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, may could also materially adversely affect have a material adverse effect on our business, prospects financial condition and results of operations, operations, and financial condition. The summary risk factors described below should be read together with the text of the risk factors set forth immediately after the summary risk factors, and both the summary and text of the risk factors should be read together with the other information set forth in this Report, including our consolidated financial statements and the related notes, as well as in other documents that we file with the SEC.

Summary of the Material Risks Associated with Our Business

These risks include, but are not limited to, the following:

- Our expectations for when we will achieve various technical and production-level performance objectives depend in large part upon assumptions, estimates, measurements, testing, analyses, and data developed and performed by us, which may be incorrect or flawed.
- It will be challenging to develop solid-state battery cells capable of production at volume and with acceptable performance, yields and costs. The pace of development in materials science is often not predictable. Delays or failures in accomplishing particular development objectives may postpone or prevent us from generating revenues from the licensing of our battery cell technology or sales of our electrolyte.

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- We may not succeed in developing our electrolyte for commercialization or attracting customers. There is currently no commercial market for sulfide-based electrolytes and one may never emerge. Even if sulfide-based electrolytes are commercially adopted, we may not be able to effectively compete in any market. If we are unable to develop and sell commercial levels of electrolyte, it could impair our reputation and prospects materially.
- If our cells or electrolyte fail to perform as expected, our ability to develop, market, and license our technology could be harmed.
- We have only conducted preliminary safety testing on our cells. Our cells will require additional and extensive safety testing prior to being installed in EVs.
- We are seeking additional partners with which to collaborate in the development of our cell technology. Our inability to enter into joint development agreements relationships with additional partners may impair our ability to control the timing of our development activities, generate licensing revenue, or sell our electrolyte.
- We may If we do not succeed in developing solid-state battery cells for commercialization or meeting certain milestones under certain of our JDAs agreements within the required time parameters specified therein. If we do not meet the milestones in certain JDAs, frames, our partners may terminate them without liability to us. Termination of a JDA by a partner, particularly a key partner like BMW, Ford or SK On, could impair our reputation and prospects materially. the agreements.
- The non-exclusive nature of our JDAs agreements exposes us to the risk that our partners may elect to pursue other battery cell technologies, which likely would impair our revenue generating ability. technologies.

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- Our business depends on our ability to manage our relationships with existing and future partners, customers, suppliers, and suppliers. We contractors, and we may not succeed in managing these business relationships, which could slow our development progress and impair our business prospects. relationships.
- We have not reached any commercial agreement with our partners on economic terms for the supply licensing of our cell technology or sale of electrolyte. As a result, our projections of revenue and other financial results are uncertain.
- The terms of certain JDAs agreements permit our partners to share in the intellectual property developed through the research and development efforts required under their respective agreements. In certain circumstances, our particular agreements with them. Our ability to share developments gained through the course of performance of a particular JDA agreement with our other partners may be limited, in certain circumstances. In certain circumstances, and our partners may be able to exploit certain of the intellectual property developed under their respective JDAs agreements in ways that are detrimental to us.
- If we are unable to attract and retain key employees and qualified personnel, our ability to compete could be harmed.
- If solid-state battery cell technology does not become widely accepted, we may not be successful in generating revenues from the manufacture and sale of our electrolyte.
- The battery cell market continues to evolve and is highly competitive, and we may not be successful in competing in this market or establishing and maintaining confidence in our long-term business prospects among current and future partners and customers.
- We may not succeed in attracting customers during the development stage or for high volume commercial production, and our future growth and success depend on our ability to attract customers.
- We may not be able to accurately estimate the future supply and demand for our cells and/or our electrolyte, technology, which could result in a variety of inefficiencies in our business, and hinder our ability to generate revenue. If we fail revenue, and cause us to accurately predict our manufacturing requirements, we could incur additional costs or experience delays.
- We rely heavily on owned and exclusively-licensed intellectual property, which includes including patent rights, trade secrets, copyright, copyrights, trademarks, and know-how. If know-how, and we are may be unable to protect and maintain access to these intellectual property rights, our business and competitive position would be harmed. rights.
- We have not performed exhaustive searches or analyses of the intellectual property landscape of the battery industry; therefore, we are unable to industry and cannot guarantee that our technology, or its ultimate integration into EV battery packs, EVs, does not infringe intellectual property rights of third parties. We may need to defend ourselves against intellectual property infringement claims, which may be time-consuming and could cause us to incur substantial costs.
- Our business model plan has yet to be tested, and any failure to execute we may not succeed in executing on our strategic plans, including commercialization, would have a material adverse effect on our operating results and business, harm our reputation and could result in substantial liabilities that exceed our resources. commercialization.
- We are a research and development stage company with a history of financial losses and expect to incur significant expenses and continuing losses for the foreseeable future.

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- We may require additional capital to support business growth, and this capital might not be available on commercially reasonable terms or at all.
- If we fail to effectively manage our future growth, we may not be able to market and license the technology and know-how to manufacture our cells or sell our electrolyte successfully. electrolyte.
- Our interim CEO and several of our other executive officers have only management team has limited experience in operating a public company.
- Our business could also be adversely impacted if we have deficiencies in our disclosure controls and procedures or internal control over financial reporting as required by SOX.

- We incur significant expenses and administrative burdens as a public company.
- Future litigation, regulatory actions, or government investigations and inquiries may lead us to incur significant costs or harm our reputation.
- The price of our common stock and Warrants could be adversely impacted by sales of substantial amounts of our common stock or Warrants in the public market or the perception that such sales could occur.

Risks Related to Development and Commercialization

Our expectations for when we will achieve various technical and production-level performance objectives depend in large part upon assumptions, estimates, measurements, testing, analyses, and data developed and performed by us, which may be incorrect or flawed.

Our expectations for when we will achieve various technical and production objectives reflect our current expectations and estimates. Whether and when we achieve these objectives depend on a number of factors, many of which are outside our control, such as:

- the success and timing of our development activities, including our ability to develop cells with our desired performance metrics and achieve the requisite automotive industry validations;
- our success in securing additional development partnerships and the pace of our efforts with each of them;
- unanticipated technical or manufacturing challenges or delays;
- difficulties identifying or constructing the necessary manufacturing facilities;
- other technological developments that could adversely impact the commercial potential of our technology;
- the extent of consumer acceptance of EVs generally and those deploying our products in particular;
- competition, including from established and future competitors in the battery industry or from competing technologies that may be used to power EVs;
- whether we can obtain sufficient capital when required to build our manufacturing facilities and sustain and grow our business;
- adverse developments in our partnership relationships, including termination of our partnerships or changes in our partners' timetables and business plans;
- our ability to manage our growth;

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- Our expectations our ability to manage our relationships with key suppliers and targets regarding the times when availability of the raw materials we will achieve various technical, pre-production and production-level performance objectives depend in large part upon assumptions, estimates, measurements, testing, analyses and data developed and performed by us, which if incorrect or flawed, could have a material adverse effect on our actual operating results and performance. need to procure from them;
- If we are unable our ability to maintain an effective system of internal controls retain existing key management, integrate recent hires, and procedures required by the Sarbanes-Oxley Act, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us attract, retain, and materially motivate qualified personnel; and adversely affect our stock price, business and operating results.
- We incur significant expenses the overall strength and administrative burdens as a public company, which could have an adverse effect on our business, financial condition stability of domestic and results of operations.
- Sales of substantial amounts of our common stock in the public markets, or the perception that such sales could occur, could cause the market price of our common stock to drop significantly. international economies.

Risks Related Unfavorable changes in any of these or other factors beyond our control could impede our ability to **Development** achieve our objectives when planned and **Commercialization** have a material adverse effect on our business, prospects, results of operations, and financial condition. Additionally, we cannot predict market reaction or the impact on the price of our common stock and Warrants as we make announcements

regarding our achievement, or failure to achieve, our objectives and publicly-disclosed milestones. Negative market reactions could result in volatility in the of the price of our common stock and Warrants.

It will be challenging to develop solid-state battery cells capable of production at volume and with acceptable performance, yields, and costs. The pace of development in materials science is often not predictable. Delays or failures in accomplishing particular development objectives may postpone or prevent us from generating revenues from the licensing of our battery cell technology or sales of our electrolyte.

Our business depends on our ability to develop solid-state battery cells that outperform the lithium-ion batteries currently prevalent in EVs. We expect to need several additional years of research and development and automotive qualification efforts before our cells will be advanced enough for us to realize material revenue from licensing agreements for our battery cell technology or reach commercial levels of sales of our electrolyte materials. Developing the technology and know-how to produce solid-state battery cells at scale and cost, and which meet the performance requirements for wide adoption by OEMs, is extremely challenging. We must overcome significant hurdles to complete development, validation, and automotive qualification of our battery cells prior to being able to license or sell our technology to any customers. Some of the development hurdles that we need to overcome before licensing or selling our solid-state battery cell technology to customers include:

- meeting the rigorous and challenging specifications required by our customers and ultimately OEMs and battery manufacturers, such as battery life, energy density, abuse and safety testing, charge rate, cycle life, stack pressure, and operating temperature;
- increasing the volume, yield, reliability, and uniformity of our cells and cell components;
- increasing the size and number of layers of our cells;
- developing manufacturing techniques to produce the volume of cells needed for customer applications;
- understanding optimization requirements for high volume manufacturing equipment;
- designing and engineering packaging to ensure adequate cycle life (i.e., the number of charge and discharge cycle that a battery cell can sustain until its capacity falls below 80% of the original capacity); and
- reducing cost of production; and
- meeting the rigorous and challenging specifications required by our customers, and ultimately OEMs and cell manufacturers, including but not limited to, battery life, energy density, abuse and safety testing, charge rate, cycle life, stack pressure, and operating temperature. production.

We have encountered, and expect to continue to encounter, engineering challenges and delays as we increase the dimensions and throughput of components our cells and cells. For example, after experiencing lower than expected manufacturing yields in 2022, we implemented cell design improvements with the goal of better matching our manufacturing capabilities. To achieve target energy levels, we need to increase the layers and dimensions of our current electrodes, which are enclosed within a single battery package. components. In order to be commercially viable, our cells will need to be capable of being produced at a high yield without compromising performance, and we will have to solve related packaging challenges in a way that is scalable and at an acceptable cost. If we are not

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able to overcome these engineering and mechanical hurdles, we may not succeed in licensing our cell technology or selling our electrolytes electrolyte to customers as needed to continue our business and may result in damage to our business, prospects, financial condition, operating results and brand. customers.

Even if we complete development and succeed in entering into commercial license agreements, we may not start to generate revenues from such agreements until our customers have retrofitted or constructed and deployed facilities to build our cell designs at scale. scale and we have constructed facilities to produce commercial volumes of our electrolyte. Any delay in the development, automotive qualification, or third-party manufacturing scale-up, or construction of commercial electrolyte production facilities would delay our time to generate

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material revenue. It revenue and may also negatively adversely impact our end-user relationships, including OEMs. Significant delays in providing licenses to our technology would materially damage or selling our electrolyte could have a material adverse effect on our business, prospects, results of operations, and financial condition, operating results and brand condition.

We may not succeed in developing our electrolyte for commercialization or attracting customers. There is currently no commercial market for sulfide-based electrolytes and one may never emerge. Even if sulfide-based electrolytes are commercially adopted, we may not be able to effectively compete in any market. If we are unable to develop and sell commercial levels of electrolyte, it could impair our reputation and prospects materially.

Our electrolyte is in the development-stage development stage, and there is no established market for sulfide-based electrolyte. Our business plan contemplates that we will develop the necessary production capabilities to manufacture our electrolyte material for sale to top tier battery manufacturers and OEMs that have determined to manufacture solid-state battery cells. Even if we are able to successfully develop our electrolyte for commercialization, our ability to sell it to customers will depend upon our or their success in developing battery cells which outperform those of traditional lithium-ion batteries. If battery manufacturers do not adopt sulfide-based cell architectures or if markets for solid-state battery cells and sulfide-based solid electrolytes do not develop in the time or to the level we anticipate, we may not be able to find customers to buy our electrolyte.

Even if sulfide-based electrolytes are commercially adopted, we may have to compete with established companies that may be better capitalized or have more experienced, can deliver a experience, superior product, products, or have stronger relationships with their supply chain suppliers and customers. Given Potential customers may be wary of unproven products or not be inclined to work with less established businesses, and large organizations, including many OEMs, may have significant purchasing power and leverage in negotiating contractual arrangements with us. In addition, large organizations often have lengthy sales cycles, which may increase the importance of future electrolyte sales risk that we spend substantial time and resources on a customer that ultimately elects not to purchase our success, if products. If we are unable to successfully sell commercial volumes of electrolyte, we may be unable to achieve our financial projections, we may not recoup the costs associated with scaling our production of our electrolyte, and our reputation and prospects may be adversely impacted, any one of which could have a material adverse effect on our business, prospects, results of operations, and financial results, and prospects will be materially impacted, condition.

If our cells or electrolyte fail to perform as expected, our ability to develop, market, and license or sell our technology could be harmed.

Our battery cell architecture is inherently complex and incorporates technology and components that have not been used in commercial battery cell production. We anticipate that our research and development efforts will extend in an iterative process even beyond the time at which we initially deliver delivery of our cells to OEMs for validation or electrolyte to customers wishing to incorporate the material into their products. The continuous need to refine and optimize our products will require us to continue to perform extensive and costly research and development efforts even after the initial delivery of our cells efforts. For example, we have learned, and may continue to OEMs or electrolyte to customers. For instance, we may learn, from these validation efforts that our cells contain defects or errors that cause the cells not to perform as expected or our electrolyte contains impurities or otherwise does not meet the quality or performance requirements of our customers. Fixing any such problems may require design changes or other research and development efforts, take significant time, and be costly. There can be no assurance We cannot guarantee that we will be able to detect and fix any defects, defects or errors. If our cells or electrolyte or cell design fails fail to perform as expected, we could lose licensing contracts and customers of our electrolyte.

In addition, because we have a limited frame of reference from which to evaluate the long-term performance of our electrolyte and cell designs, it is possible that issues or problems will arise once our technology has been deployed for a longer period. If our customers determine our technology does not perform as expected, they may delay deliveries, terminate further orders, or initiate product recalls, each any one of which could adversely affect have a material adverse effect on our business, prospects, and results of operations, operations, and financial condition.

We have only conducted preliminary safety testing on our cells. Our cells will require additional and extensive safety testing prior to being installed in EVs.

To achieve acceptance by OEMs and be installed in commercially available EVs, our cells will have to undergo extensive safety testing, testing in addition to the preliminary safety testing we have conducted. We cannot assure you guarantee that such tests will be successful. We have identified, and may continue to identify, different or new safety performance issues during our cell development that have not been present previously. For example, during late 2023 and early 2024, a few EV cells we produced went into thermal runaway during testing. We may are actively working to identify the root cause for these performance issues, but we cannot guarantee that we will successfully mitigate the problem. We have made, and will continue to make, cell design or and manufacturing process changes to address any safety issues, which could lead to delays to or suspension of commercialization, which could materially damage our business, prospects, financial condition, operating results and brand.

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address performance issues, which may lead to delays to or suspension of research and development projects or commercialization and in turn have a material adverse effect on our business, prospects, results of operations, and financial condition.

We are seeking additional partners with which to collaborate in the development of our cell technology. Our inability to enter into joint development agreements relationships with additional partners may impair our ability to control the timing of our development activities, generate licensing revenue, or sell our electrolyte.

We have entered into JDAs agreements with three key partners, BMW, Ford, and SK On. We are actively seeking additional partnerships with other OEMs or top tier battery manufacturers in an effort to diversify our development risk. However, the relationships we have with our existing partners and our partners' rights under their respective agreements may deter other OEMs and battery manufacturers from working with us. If we are not successful in establishing partnerships with other OEMs or battery manufacturers, we will remain highly dependent upon our existing three partners. Because we generally cannot control the pace or extent of our partners' collaborative efforts with us, the pacing of our efforts generally must align with that of each partner. As a result, a failure to diversify may have the impact of preventing prevent us from controlling the timing at which our cell technology matures to commercialization and electrolyte mature to commercialization, harm our prospects.

We may If we do not succeed in developing solid-state battery cells for commercialization or meeting certain milestones under certain of our JDAs agreements within the required time parameters specified therein. If we do not meet the milestones in certain JDAs, frames, our partners may terminate them without liability to us. Termination of a JDA by a partner, particularly a key partner like BMW, Ford or SK On, could impair our reputation and prospects materially, the agreements.

We have entered into non-exclusive JDAs, agreements, including with BMW, Ford, and SK On, to collaborate on the research and development of our cells. The terms of some of these JDAs agreements generally require us to continue our research and development of solid-state battery cells and component materials such that our products are capable of being deployed in EVs within the next few years. There is no assurance We cannot guarantee that we will be able to complete research and development in the time frame required by these agreements. If we do not meet these milestones, we may not receive the JDAs payments that would be due to us under these agreements and if we are unable to, our partners may terminate their participation in the JDAs. Given the importance agreements without liability to us, of these relationships, the termination of a JDA by a partner which could impair adversely impact our reputation and prospects materially prospects.

The non-exclusive nature of our JDAs agreements exposes us to the risk that our partners may elect to pursue other battery cell technologies, which likely would impair our revenue generating ability, technologies.

Our OEM partners are motivated to develop and commercialize improved battery cell technologies. To that end, our partners have invested, and are likely to continue to invest in the future, in their own development efforts and, in certain cases, in JDAs agreements with our current and future competitors. If other technology is technologies are developed more rapidly than our cells, or if such competing technologies are determined to be more efficient or effective than our cells, ours, our partners may elect to adopt and install a competitor's battery cell technology or products over ours, which could materially impact have a material adverse effect on our business, prospects, results of operations, and financial results, and prospects, condition.

Our business depends on our ability to manage our relationships with existing and future partners, customers, suppliers, and suppliers. We contractors, and we may not succeed in managing these business relationships, which could slow relationships.

We rely on a number of third parties in connection with development of our development progress technology and impair performance on our business prospects.

contracts. Our OEM partners, other customers, suppliers, and suppliers contractors may have economic, business, or legal interests or goals that are inconsistent with ours. As a result, it may be challenging for us to resolve issues that arise in respect of the performance of our JDAs, and in particular as any issue might impact development work underway under the JDAs, contracts, including our agreements with our partners. Any significant disagreements with them, and especially if we become dependent on that OEM partner for our research and development efforts, these third parties may impede our ability to maximize the benefits of our partnerships and perform our contractual obligations and may slow the commercial roll-out of our cell designs, technology. For example, we plan to utilize one or more subcontractors for the design and installation of the SK On Line, and a failure by a subcontractor to satisfactorily and timely provide services could adversely impact our ability to fulfill our obligations under the Line Installation Agreement. In

addition, if our partners' counterparts are unable or unwilling to meet their economic or other obligations under the JDAs, our agreements, we may be required to fulfill those obligations alone, which could delay our research and development progress and otherwise negatively impact our business and financial results. We expect that the particular interests of our partners may dictate future research and development efforts in regard to cell design. As a result, we may need to expand our technical staffing team in the future, and particularly if we succeed in adding new development partners. Furthermore, the relationships we have with our existing partners and the rights our partners' rights have under their respective JDAs, may deter other OEMs and cell manufacturers from working with us. If we are not able to expand our other customer relationships, our business and prospects could be materially harmed, progress.

We have not reached any commercial agreement with our partners on economic terms for the supply licensing of our cell technology or sale of electrolyte. As a result, our projections of revenue and other financial results are uncertain.

Our JDAs agreements provide a framework for our cooperation with our partners, and certain of the JDAs these agreements contemplate that we will enter into additional arrangements with our partners for the purchase and pricing of electrolyte materials for integration into our cell design, as well as licensing our cell technology to cell producers. We have not reached agreement on key commercial terms with any of these partners

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for the licensing of our cell technology or sale of our electrolyte with any of these partners, and the structure for realizing the monetary value of our products is unknown. There can be no assurance We cannot guarantee that we will be able to agree with our partners on these key elements commercial terms or that any terms will be financially beneficial for us.

The terms of certain JDAs agreements permit our partners to share in the intellectual property developed through the research and development efforts required under their respective agreements. In certain circumstances, our particular agreements with them. Our ability to share developments gained through the course of performance of a particular JDA agreement with our other partners may be limited, in certain circumstances. In certain circumstances, and our partners may be able to exploit certain of the intellectual property developed under their respective JDAs agreements in ways that are detrimental to us.

Certain of our JDAs agreements provide that, among other things, (i) any intellectual property jointly developed will be owned by both parties, with each party having the right to license that intellectual property to third parties in connection with the development of such party's products, (ii) each party retains sole ownership of previously or independently developed intellectual property, and (iii) the partner receives a license to our solely developed intellectual property under the JDA agreement for use in the partner's products. Furthermore, to To the extent that a development we make jointly with one of our partners involves such partner's previously developed intellectual property, we may not be able to use any information gleaned in the course of performance under the JDA agreement with such partner in performance of our other partners' JDAs, agreements, which could prevent us from scaling the development or deploying it in work with all of our partners. There are no assurances We cannot guarantee that we will maintain the access we need to any our partners' intellectual property, of our partners or that any jointly developed intellectual property will be adequately protected, or that our partners will not seek to capitalize on jointly developed intellectual property for their sole benefit to the extent permitted by our agreements with them, such as through licensing agreements or other contractual arrangements they may enter with third parties that do not benefit us. In Further, in certain of our JDAs to date, agreements, we have agreed that our partners would receive certain rights to our intellectual property in certain circumstances, including if we were to fail to perform under commercial agreements that we may enter into in the future or otherwise abandon our business following the execution of such commercial agreements. If those provisions are triggered, certain of our partners may receive perpetual, irrevocable, royalty-free licenses to portions of our intellectual property, which may limit the profitability and competitive advantage offered by our intellectual property and adversely affect impact our revenue.

We are subject to risks relating to production scale manufacturing of our cells through partners in the longer long term.

Our business plan contemplates that top tier battery cell suppliers and OEMs will manufacture our cell designs pursuant to licensing agreements with us. A component of our plan is to develop our products in such a way as to enable our manufacturing partners to utilize existing lithium-ion battery cell manufacturing processes and equipment. While we believe our development of a manufacturing process compatible with existing lithium-ion battery cell manufacturing lines provides significant competitive advantages, modifying or constructing these lines for production of our products could be more complicated or present significant challenges to our manufacturing partners that we do not currently anticipate. As with any large-scale capital project, any modification or construction of this nature could be subject to delays, cost overruns, or other complications. Any failure to commence commercial production on schedule would likely lead to additional costs and could delay our ability to generate meaningful revenues. In addition, any such delay could

diminish any “first mover” advantage we aim to attain, prevent us from gaining the confidence of OEMs, and open the door to increased competition. All Any of the foregoing could hinder our ability to successfully launch and grow our business and achieve a competitive position in the market.

Collaboration with third parties to manufacture our cell designs reduces our level of control over the manufacturing process. We could experience delays if our partners do not meet agreed upon timelines or experience capacity constraints. There is risk of potential disputes with partners, which could stop or slow battery cell production, and we could be affected impacted by adverse publicity related to our partners, whether or not such publicity is related to such third parties' partner's collaboration with us. In addition, we cannot guarantee that our suppliers will not deviate from agreed-upon quality standards. Further, any partnerships with international third-party cell manufacturers or OEMs could expose us to the political, legal, and economic risks impacting the regions in which our partners' manufacturing facilities are located, further reducing our control over the production process as we scale manufacturing.

We may be unable to enter into agreements with cell manufacturers on terms and conditions acceptable to us and, therefore, we may need to contract with other third parties or create our own commercial production capacity. We may not be able to engage other third parties or establish or expand our own production capacity to meet our needs on acceptable terms or at all. The all, and the expense and time required to adequately complete any transition or expansion may be greater than anticipated. Any of the foregoing anticipated, which could adversely affect have a material adverse effect on our business, prospects, results of operations, and financial condition and prospects. condition.

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We are subject to risks relating to the construction and development of facilities for our short-term research and development and long-term production requirements.

Our business model plan contemplates that we will construct additional facilities for research and development and eventually commercial electrolyte manufacturing. In the near-term, near term, we are nearing completion of a facility for advanced research and development and scaling of working to expand our electrolyte material production. production capabilities at our existing facilities. In the longer-term, long term, and in connection with potential supply agreements, we will need to construct facilities to produce commercial volumes of our electrolyte. We have not secured a location or obtained the necessary licenses, approvals, permits, or permits consents for commercial-level electrolyte manufacturing facilities. In connection with constructing these facilities, we will need to identify and acquire the land or obtain leases for suitable locations that are appropriately zoned for activities involving hazardous materials, which will limit where we are able to locate our facilities and may require us to pay a premium for any such real estate. If we fail to do so, or otherwise encounter delays or lose necessary consents, licenses, approvals, permits, licenses, consents, or commercial agreements, we could face delays or terminations of construction or development activities. If our planned facilities do not become operable on schedule, or at all, or become inoperable, production of our battery cells electrolyte and our business will be harmed.

We rely heavily on complex equipment for our operations, and the production of our technology involves a significant degree of risk and uncertainty in terms of operational performance and costs.

We rely heavily on complex equipment for our operations and the production of our battery cells and electrolyte. The work required to integrate Integrating this equipment into the production of our cells and electrolyte manufacturing is time intensive and requires us to work closely with the equipment providers to ensure that it works properly with our technology. This integration involves a degree of uncertainty and risk and may result in the delay in the scaling up of production or result in cause us to incur additional cost to our cell technology. costs.

Our current manufacturing facilities require, and we expect that our future manufacturing facilities will require, large-scale machinery. Such machinery may unexpectedly malfunction and require repairs and spare parts to resume operations, which may not be available when needed. We Because we do not expect to maintain any redundancies in our research and development facilities, so unexpected malfunctions of our production equipment may significantly affect our operational efficiency. In addition, because this equipment has not historically not been used to build solid-state battery cells or produce sulfide-based electrolyte, solid electrolytes, the operational performance and costs associated with this equipment is difficult to predict and may be influenced by factors outside of our control, such as but not limited to, failures by suppliers to deliver necessary components of our products in a timely manner and at prices and volumes acceptable to us, us; environmental hazards and associated costs of remediation, remediation; difficulty or delays in obtaining governmental permits, permits; damages or defects in systems, systems; industrial accidents, accidents; and fires, seismic activity, and other natural disasters.

Problems with our manufacturing equipment could result in it not performing to our expectations, the personal injury to or death of workers, the loss of production equipment, damage to our manufacturing facilities, monetary losses, delays, and unanticipated fluctuations in production. In addition, in some cases operational problems may result in production, environmental damage, administrative fines, increased insurance costs, and potential legal liabilities. Any liabilities, any one of these operational problems, or a combination of them which could have a material adverse effect on our business, prospects, results of operations, cash flows, and financial condition or prospects. condition.

Substantial increases in the prices for our raw materials and components, some of which are obtained from a limited number of sources where demand may exceed supply, could materially and adversely affect our business.

We rely on third-party suppliers for materials, components, and equipment necessary to develop our battery cells and produce our electrolyte, including key supplies, such as Li2S, NMC, silicon, lithium metal foil, and manufacturing tools. We face risks relating to the timely availability, adequate quality, and consistency of these materials and components, including that we will be subject to demand shortages and supply chain challenges and generally may not have sufficient purchasing power to eliminate the risk of price increases for the raw materials and tools we need. Further, certain materials and components, including Li2S, are not currently produced at a scale we believe necessary to support our proposed commercial operations. To the extent that if we are unable to enter into commercial agreements with our current suppliers or our replacement suppliers on favorable terms, or these suppliers experience difficulties meeting our requirements, the development and commercial progression of our battery cells, electrolyte, and related technologies technology may be delayed.

Separately, we may be subject to various supply chain requirements regarding, among other things, conflict minerals and labor practices. We may be required to incur substantial costs to comply with these requirements, which may include locating new suppliers if certain issues are discovered. We may not be able to find any new suppliers for certain raw materials or components required for our operations, or such suppliers may be unwilling or unable to provide us with products.

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Any disruption in the supply of materials, components, equipment or materials equipment could temporarily disrupt our research and development activities or production of our battery cells or electrolyte until an alternative supplier is able to supply we obtain the required material. For example, in 2022 2023, we suffered supply chain issues while constructing received lower-quality NMC from one of our electrolyte facility, suppliers, which led to caused delays in bringing cell production and affected the facility online, performance of our cells. Changes in business conditions, unforeseen circumstances, governmental changes, transportation disruptions, and other factors beyond our control or which we do not presently currently anticipate could also affect our suppliers' ability to deliver components or equipment to us on a timely basis. Any of the foregoing could materially and adversely affect our results of operations, financial condition and prospects. Currency fluctuations, trade barriers, tariffs, or shortages and other general economic or political conditions may limit our ability to obtain key materials, components, and equipment for our cells or electrolyte or significantly increase freight charges, raw material costs, and other expenses associated with our business, which could further materially and adversely affect our results of operations, financial condition and prospects. business.

We may be unable to adequately control the costs associated with our operations and the components necessary to build develop our battery cells and electrolyte material, and, if we are unable to control these costs and achieve cost advantages in our production of cells or electrolyte at scale, our business will be adversely affected. technology.

We require significant capital to develop our solid-state battery cell technologies technology and expect to incur significant expenses, including those relating to research and development, raw material procurement, leases, sales, and distribution as we build our brand and market our technologies, technology and general and administrative costs as we scale our operations. Our ability to become profitable in the future will not only depend on our ability to successfully develop and market our electrolyte and cells but also as well as our ability to control our costs. If we are unable to efficiently design, appropriately price, and sell and distribute our electrolyte and cell technologies, technology, our anticipated margins, profitability, and prospects would be materially and adversely affected. impacted.

If we are unable to attract and retain key employees and qualified personnel, our ability to compete could be harmed.

Our success depends on our ability to attract and retain our executive officers, key employees, and other qualified personnel, and our operations may could be severely disrupted if we lost their services. Departures of key executives, as experienced in late 2022 upon the retirement of our former CEO,

Douglas Campbell, may result in stockholder uncertainty and cause the market prices for our securities to decline. We continue to be highly dependent on the services of Derek Johnson, our Chief Operating Officer, our other executive officers and other senior technical and management personnel who would be difficult to replace. If Dr. Johnson or other key personnel were to depart, we may not be able to successfully attract and retain the personnel necessary to grow our business. As we build our brand and become more well known, there is increased risk that competitors or other companies will seek to hire our personnel. Many If key personnel were to depart, we may not be able to successfully attract and retain the personnel necessary to grow our business. Departures of key executives may also result in stockholder uncertainty and cause the price of our technical common stock and Warrants to decline. Further, competition for qualified personnel have been long-time employees and hold stock options which are currently exercisable and significantly "in-the-money" at current market prices. Despite our efforts to retain them, these employees could decide to exercise such options and pursue other opportunities. Our success also depends on our continuing ability to identify, hire, attract, train and develop other highly qualified personnel. Competition for these employees can be intense, and our ability to hire, attract and retain them depends on our ability to provide competitive compensation. We may not be able to attract assimilate, develop or and retain qualified personnel in the future, and our failure to do so could seriously have a material adverse effect on our business, prospects, results of operations, and financial condition.

Accidents and severe weather conditions, natural disasters, or other catastrophic events could adversely impact our facilities and operations.

Some of our operations involve the manufacture and handling of a variety of explosive and flammable materials, and our research and development activities expose our employees to a number of potential occupational hazards. Among other things, we could experience leaks and ruptures, explosions, fires, transportation accidents involving our products, chemical spills, other discharges or releases of toxic or hazardous substances or gases, and other environmental and workplace safety incidents. For example, our employees could be exposed to toxic hydrogen sulfide as a result of the components we use being exposed to moisture, which could harm our business employees, slow or stop production, and prospects. result in litigation, fines, increased insurance premiums, and workers' compensation claims.

Our insurance coverage may not be adequate to protect us from all business risks.

We may be subject. Severe weather conditions, natural disasters, and other natural events, such as floods, fires, earthquakes, typhoons, and health pandemics, such as the COVID-19 pandemic, could also affect our facilities and operations. For example, our facilities are located in a region which is affected by fires. In December 2021, the Marshall fire destroyed a significant number of buildings and disrupted a number of businesses in the ordinary course Louisville, Colorado area. Further, our facilities and operations could also be adversely impacted by other events outside of our control, including power loss, telecommunications failures, cyberattacks, wars, riots, break-ins, and terrorist attacks. Damage to our facilities or disruption of our operations could have a material adverse effect on our business, to prospects, results of operations, and financial condition.

Further, we cannot guarantee that associated losses, resulting from products liability, accidents, acts claims, or liabilities will be covered by our insurance or any rights of God, and other claims against us, for which we may have no insurance coverage. As a general matter, the policies indemnity or contribution that we do have may include significant deductibles, and we against others. We also cannot be certain sure that our existing insurance coverage will continue to be available on acceptable terms or in sufficient amounts to cover all future losses or claims against us. of our potential losses. A loss that is uninsured or which exceeds policy limits may could require us to pay substantial amounts, which could adversely affect our financial condition and operating results. Furthermore, although we plan to obtain and maintain insurance for damage to our property and the disruption of have a material adverse effect on our business, this insurance may be challenging to obtain prospects, results of operation, and maintain on terms acceptable to us and may not be sufficient to cover all of our potential losses. financial condition.

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Our facilities or operations A global pandemic (e.g., COVID-19) and associated responses could be damaged or adversely affected as a result of natural disasters disrupt our business and other catastrophic events, including fire operations.

A global pandemic could have significant impact on economic activity and explosions.

Our current and future development and manufacturing facilities or operations could be adversely affected by events outside of our control, such as natural disasters, wars, health pandemics and epidemics such as markets throughout the ongoing COVID-19 pandemic, and other calamities. As an world. For example, in December 2021, the Louisville, Colorado area was significantly affected by the Marshall fire, which destroyed a significant number of buildings and disrupted a number of businesses. We cannot provide assurance that any backup systems will be adequate to protect us from the effects of

fire, explosions, floods, cyber-attacks (including ransomware attacks), typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to conduct our research and development activities as and on the timeline currently contemplated.

We have been, and may in the future be, adversely affected by epidemics, pandemics or other outbreaks.

We face various risks related to epidemics, pandemics, and other outbreaks, including the COVID-19 pandemic and/or any other pandemic. The impact of COVID-19, including changes in consumer and business behavior, pandemic fears and market downturns, and restrictions on business and individual activities, created significant volatility in the global economy and led to reduced economic activity.

Governmental authorities may implement measures in an attempt to contain a virus, such as travel bans and restrictions, quarantines, shelter-in-place orders, and business shutdowns, which may disrupt supply chains and impact our ability to continue our operations. Various aspects of our business cannot be conducted remotely, including many aspects of the research and development and manufacturing of our electrolyte and cells products.

The extent to which a future pandemic impacts our business, prospects, and results of operations, and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, such as the duration and spread of the pandemic, its severity, the actions taken to contain the virus or treat address its impact, mutations in the virus, vaccine distribution and uptake, the impact on us and our customers, employees, partners, contractors, suppliers, and vendors, customers, and how quickly and to what extent normal economic and operating activities can resume.

Risks Related to Industry and Market Trends

If solid-state battery cell technology does not become widely accepted, we may not be successful in generating revenues from the manufacture and sale of our electrolyte.

Our business plan contemplates that we will develop the necessary production capabilities to manufacture our electrolyte for sale to top tier battery suppliers and OEMs that have determined to manufacture solid-state battery cells. If a market for sulfide-based solid-state battery cells does not develop in the time or to the level we anticipate, we might not be able to generate revenues from this product line. This may prevent us from achieving our financial projections or recouping the costs we expect to incur in scaling our production of our electrolyte.

The battery cell market continues to evolve and is highly competitive, and we may not be successful in competing in this market or establishing and maintaining confidence in our long-term business prospects among current and future partners and customers.

The battery cell market in which we compete continues to evolve and is highly competitive. To date, we have focused our efforts on our sulfide-based solid-state battery cell technology, a promising alternative to conventional lithium-ion battery cell technology. However, lithium-ion battery cell technology 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 may 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 enhance their resources and competitive positioning. In addition, traditional lithium-ion battery cell manufacturers may continue to reduce cost and expand supply of conventional batteries and, therefore, reduce the adversely impact our prospects for our business or negatively impact the and ability for us to sell our products at a market-competitive price and yet at prices with sufficient margins.

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Many OEMs are researching and investing in solid-state battery cell efforts and, in some cases, in battery cell development and production. We do not have exclusive relationships with any OEM to provide their future battery cell technologies, and it is possible that the investments made by these OEMs might may result in technological advances earlier than, or superior in certain respect to, the battery cells technology we are developing. There are a number of companies seeking to develop alternative approaches to solid-state battery cell technology. We expect competition in battery cell 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. As new companies and larger, existing vehicle and battery cell manufacturers enter the solid-state battery cell space, we may lose any perceived or actual technological advantage we may have in the marketplace and suffer a decline in our position in the market market position.

Furthermore, the **The** battery cell industry also competes with other emerging or evolving technologies, such as natural gas, advanced diesel, and hydrogen-based fuel cell powered vehicles. Developments in alternative technologies or improvements in **batteries technology** **battery technologies** made by competitors may **materially** **adversely** **impact** the sales, pricing, and gross margins of our products. As technologies change, we will attempt to upgrade or adapt our products to continue to provide products with the latest technology. However, our products may become obsolete or our research and development efforts may not be sufficient to adapt to changes in or to create the necessary technology to effectively compete. If we are unable to keep up with competitive developments, including if **such** **competing** technologies achieve lower prices or **other** **emerging** **technologies** enjoy greater policy support, **than the lithium-ion battery cell industry**, our competitive position and growth prospects may be harmed. Similarly, if we fail to accurately predict and ensure that our solid-state battery cell technology **can address** **addresses** customers' changing needs or emerging technological trends, or if our customers fail to achieve the benefits expected from our **battery** cells, our business will be harmed.

We must continue to commit significant resources to **develop** **developing** our **cell** technology in order to establish a competitive position, and these commitments must be made without knowing whether our investments will result in products **potential** customers will accept. **There is no assurance** **We** **cannot guarantee** **that** we will successfully identify **new** customer requirements **and** develop and bring our cell technology or electrolyte to market on a timely basis, or that products and technologies developed by others will not render our cells or electrolyte obsolete or noncompetitive, any **one** of which **would** **adversely** **affect** **could** have a material adverse effect on our business, prospects, results of operation, and **operating** **results**, **financial** **condition**.

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In addition, OEMs and **top tier** **battery** **cell** **suppliers** **will** **other** **customers** may be less likely to license our cell designs and/or incorporate our electrolyte if they are not convinced that our business will succeed in the long term. Similarly, suppliers and other third parties **will** **may** be less likely to invest time and resources in developing business relationships with us if they are not convinced that our business will succeed in the long term. Accordingly, in order to build and maintain our business, we must instill and maintain confidence among current and future partners, customers, suppliers, analysts, ratings agencies, and other parties in our long-term financial viability and **business** prospects. Maintaining such confidence may be **particularly** complicated by certain factors, including those that are largely outside of our control, such as:

- our limited operating history;
- market unfamiliarity with our products;
- delays in or impediments to completing or achieving our research and development goals;
- unexpected costs that OEM and **top tier** **cell** **other** **potential** partners may be required to incur to scale manufacturing, delivery, and service operations to meet demand for EVs containing our **technologies** **technology** or products;
- competition and uncertainty regarding the future of EVs;
- the development and adoption of competing technologies that are less expensive and/or more effective than our products; and
- our eventual production and sales performance compared with market expectations.

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Our future growth and success are dependent upon consumers' willingness to adopt EVs.

Our growth and future demand for our products **is** **are** highly dependent upon the adoption by consumers of alternative fuel vehicles in general and EVs in particular. The market for new energy vehicles is still rapidly evolving, characterized by **rapidly** changing technologies, competitive pricing and factors, evolving government regulation and industry standards, and changing consumer demands and behaviors. If the market for EVs in general does not

develop as expected, or develops more slowly than expected, our business, prospects, results of operation, and financial condition and operating results could be harmed.

We may not succeed in attracting customers during the development stage or for high volume commercial production, materially and our future growth and success depend on our ability to attract customers.

We may not succeed in attracting customers during our development stage or for high volume commercial production. Customers may be wary of unproven products or not be inclined to work with less established businesses. In addition, if we are unable to attract new customers in need of high-volume commercial production of our products, our business will be harmed.

OEMs are often large enterprises. Therefore, our future success will depend on our or our partners' ability to effectively sell our products to such large customers. Sales to these end-customers involve risks that may not be present (or that are present to a lesser extent) with sales to smaller customers. These risks include, but are not limited to, (i) increased purchasing power and leverage held by large customers in negotiating contractual arrangements with us and (ii) longer sales cycles and the associated risk that substantial time and resources may be spent on a potential end-customer that elects not to purchase our products.

OEMs that are large organizations often undertake a significant evaluation process that results in a lengthy sales cycle. Large organizations typically have longer implementation cycles, require greater product functionality and scalability, require a broader range of services, and demand that vendors take on a larger share of risks. All of these factors can add further risk to business conducted with these potential customers. adversely affected.

We may not be able to accurately estimate the future supply and demand for our cells and/or our electrolyte, technology, which could result in a variety of inefficiencies in our business, and hinder our ability to generate revenue. If we fail revenue, and cause us to accurately predict our manufacturing requirements, we could incur additional costs or experience delays.

It is difficult to predict future demand for our future revenues technology 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 our customers. Currently, there is no historical basis for making judgments on the demand for our cells and/or our electrolyte technology or our ability to develop, manufacture, and deliver such products, or our profitability in the future. products. If we overestimate our requirements, our suppliers may have excess inventory, which could indirectly would 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. In addition, lead times for materials and components that our suppliers order may vary significantly and depend on factors such as the specific supplier, contract terms, and demand for each component at a given time. If we fail to order sufficient quantities of product components in a timely manner, the delivery of our cells and/or our electrolyte products to our potential customers could be delayed, which would harm could have a material adverse effect on our business, prospects, results of operation, and financial condition and operating results. condition.

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Risks Related to Intellectual Property

We rely heavily on owned and exclusively-licensed intellectual property, which includes including patent rights, trade secrets, copyright, copyrights, trademarks, and know-how. If know-how, and we are may be unable to protect and maintain access to these intellectual property rights, our business and competitive position would be harmed. rights.

We Our success depends on our ability to protect and maintain our intellectual property rights, and we may not be able to prevent unauthorized use of our owned and exclusively-licensed intellectual property, which could harm our business and competitive position. property. We rely on a combination of the intellectual property protections afforded by patent, copyright, 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 and competitive advantage in our proprietary technologies. technology. In addition, we seek to protect our intellectual property rights through nondisclosure non-disclosure and invention assignment agreements with our employees and consultants and through non-disclosure agreements with business partners and other third parties. Despite our efforts to protect our proprietary intellectual property rights, third parties, including our vendors, partners, customers, partners, and consultants, have and may in the future attempt to copy or otherwise obtain and use our intellectual property without our consent or may decline to license or defend necessary

intellectual property rights to us on terms favorable to our business. In addition, our technology and intellectual property may be subject to theft or compromise via more indirect routes. For example, our products or components thereof may be reverse engineered by partners, customers, or other third parties, which could result in infringement of our patents being infringed or theft of our know-how or trade secrets stolen, secrets.

Monitoring Detecting and addressing 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 require involvement of the licensor, be time-consuming and expensive, and could divert management's attention, all of which could harm our business, results of operations and financial condition. In addition, attention. Additionally, existing intellectual property laws and contractual remedies may afford less not provide the protection than needed to safeguard our proprietary technologies. A intellectual property. For example, a significant portion of our patent rights have been obtained through exclusive licenses. Because we do not own those patent rights, we have less control over their maintenance and enforcement, which could harm may limit our ability to maintain any competitive advantage those patent rights provide. Failure to adequately protect our owned and exclusively-licensed intellectual property may result in our competitors using our intellectual property to offer products, loss of our competitive advantage, and harm to our reputation and could have a material adverse effect on our business, prospects, results of operations, and financial condition.

There are risks to our intellectual property based on our international business operations.

Patent, copyright, trademark, and trade secret laws vary significantly throughout the world. A number of foreign countries do not protect intellectual property rights to the same extent as the United States. Therefore, States, and our intellectual property rights may not be as strong or as easily enforced outside of the United States and efforts States. Efforts to protect against the unauthorized use of our intellectual property rights, technology and other proprietary rights may be impossible outside of the United States. Failure to adequately protect our owned and exclusively-licensed 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, a decrease in our revenue and reputational harm caused by inferior products offered by third parties, which would adversely affect our business, prospects, financial condition and operating results.

There are risks to our intellectual property based on our States may be unsuccessful. Our international business operations.

There are risks to technology and intellectual property that operations may result from also expose us conducting business outside the United States, particularly in jurisdictions that do not have comparable levels of protection of corporate proprietary information and assets such as intellectual property, trademarks, and trade secrets. For instance, we may be exposed to material risks of theft of proprietary our technology and other intellectual property, including technical data, business processes, production processes, formulas, data sets, or other sensitive information. While these risks are common to many companies, conducting Conducting business in certain foreign jurisdictions, housing our technology data and other intellectual property abroad, or and licensing our technology to foreign partners may present more significant exposure, increase our exposure to these risks.

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Our patent applications may not result in issued patents, which would result in the disclosures in those applications being available to the public. Also, and our patent rights may be contested, circumvented, invalidated, or limited in scope, any of which could have a material adverse effect on our ability to prevent others from interfering with commercialization of our products. scope.

Our patent portfolio includes some patent applications. Our If our patent applications may do not result in issued patents, which the disclosures in those applications would become available to the public and we may have a material adverse effect on our ability be unable to prevent others from commercially exploiting products similar to our products to our disadvantage. ours. The status of patents involves complex legal and factual questions, and the breadth of claims allowed is uncertain. As a result, we cannot be certain that the our patent applications that we file will result in patents being issued or that our patents, and any patents that may be issued to us, will afford us adequate protection against competitors with similar technology. Numerous Others have numerous patents and pending patent applications owned by others exist in the same fields in which we have developed and are developing as our technology and may claim priority, which could prevent us from obtaining a particular patent. In addition to those who may claim priority, any of our future or Our existing patents or pending and patent applications, (including including those we have rights to under exclusive license) may also exclusively licensed, could be challenged by others on the basis that they are otherwise invalid or unenforceable. Furthermore, patent Patent applications filed in foreign countries may be subject to laws, rules, and procedures that differ from those of the United States, and thus we cannot be certain guarantee that foreign patent applications related to issued U.S. patents will be issued.

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We have not performed exhaustive searches or analyses of the intellectual property landscape of the battery industry; therefore, we are unable to industry and cannot guarantee that our technology, or its ultimate integration into EV battery packs, EVs, does not infringe intellectual property rights of third parties. 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, Others, including our current and future competitors, may hold or obtain patents, trademarks or other proprietary intellectual property rights that would prevent, limit, or interfere with our ability to make, use, develop, sell, license, lease, or market our products technology or technologies, which could make it more difficult for us to operate our business. products. From time to time, we may receive inquiries from third parties relating to whether we are infringing their intellectual property rights and/or and third parties may seek court declarations that they do are not infringe infringing upon our intellectual property rights. Companies holding patents or other intellectual property rights relating to batteries The defense of infringement claims may bring suits alleging infringement of such rights or otherwise asserting their rights divert management's attention, and seeking licenses. In addition, if we may incur significant expenses in addressing these matters. 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: to:

- cease selling, leasing, incorporating, or using products that incorporate the challenged intellectual property;
- pay substantial damages;
- materially alter our research and development activities and proposed production processes;
- obtain a license from the holder of the infringed intellectual property right, which may not be available on commercially reasonable terms or at all; or
- redesign our battery cells at significant expense.

In the event of a successful claim of infringement against us and our failure or inability to obtain a license to continue to use the technology on reasonable terms, our business, prospects, operating results and financial condition could be materially adversely affected. In addition, any litigation or claims, whether or not well-founded, could result in substantial costs, negative publicity, reputational harm and diversion of resources and management's attention.

We also license patents and other intellectual property from third parties and we may face claims that our use of this intellectual property infringes the rights of others. In such cases, we may seek indemnification from our licensors under our license contracts with them as permitted by our license agreements. However, agreements, but our rights to indemnification may be unavailable or insufficient to cover our costs and losses, depending depend on a number of factors, such as our use of the technology and whether we choose to retain control over conduct of the litigation, litigation. If our rights to indemnification are unavailable or insufficient to cover our costs and other factors.

Table losses, future infringement claims could have a material adverse effect on our business, prospects, results of Contentsoperations, and financial condition.

Risks Related to Our Limited Operating History

Our business model plan has yet to be tested, and any failure to execute we may not succeed in executing on our strategic plans, including commercialization, would have commercialization.

As a material adverse effect on our operating results research and business, harm our reputation and could result in substantial liabilities that exceed our resources.

Investors should be aware development stage company, we face a number of the difficulties normally encountered by a new enterprise, many of which are beyond our control, enterprises, including substantial risks and expenses in the course of establishing or entering new markets, organizing operations, and undertaking marketing activities. The likelihood of our success must be considered in light of these risks, expenses, complications, delays and the competitive environment in which we operate. There is therefore, nothing at this time upon which to base an assumption that our business plan will prove successful, and we may not be able to generate significant revenue, raise additional capital, or operate profitably. We will continue to encounter risks and difficulties challenges frequently experienced by early commercial stage companies, including scaling up our infrastructure and headcount, and may encounter unforeseen expenses, difficulties, or delays in connection with our growth. In addition, as a result of the capital requirements of our business, we can be expected to continue to sustain substantial operating expenses without generating sufficient revenue to cover expenditures. Any investment in our company is therefore highly speculative and could result in the loss of your entire investment.

It is difficult to predict our future revenues and appropriately budget for our expenses, and we have limited insight into trends that may emerge and affect our business. In the event that if actual results differ from our estimates or we adjust our estimates in future periods, our operating business, prospects, results prospects of operations, and financial position condition could be materially and adversely affected. Furthermore, our financial performance in one period may not be indicative of financial performance in future periods.

We are a research and development stage company with a history of financial losses and expect to incur significant expenses and continuing losses for the foreseeable future.

We incurred an operating loss of approximately \$59.1 million \$88.9 million for the year ended December 31, 2022 December 31, 2023 and an accumulated deficit of approximately \$19.0 million \$82.9 million from our inception in 2012 through December 31, 2022 December 31, 2023. We believe that we will continue to

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incur operating losses each quarter until the time significant production of our cell designs or sales sale of our electrolyte begins. As disclosed above, development Development in materials sciences is not linear, and the pace of our efforts will depend in significant part on the level of engagement and extent of resources devoted to these efforts by our development partners, making it difficult to predict when we will begin to recognize material revenues from our cell technology or electrolyte technology.

The rate at which we will incur losses may 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 materials and cells; technology; expand our research and development activities; invest in additional research and development and manufacturing facilities and capabilities; build up inventories of raw materials and other components; commence 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.

We may require additional capital to support business growth, and this capital might not be available on commercially reasonable terms or at all.

We may need additional Our expectations regarding our capital before we commence generating material revenues, needs are dynamic, changing, and it may not be available on acceptable terms, if at all, subject to various risks and uncertainties, including those described herein. For example, our budgets assume, among other things, that our development timeline progresses as planned and our corresponding expenditures are consistent with current expectations, both of which have but our timeline and expectations been derived based on discussions with our key partners only and do not factor in the possibility of additional partnerships. Accordingly, our expectations regarding our capital needs are dynamic and changing, and are subject to various risks and uncertainties, including those described herein.

More specifically, Further, our capital expenditures and operating and development requirements have increased materially as we accelerate our research and development efforts, and scale up production operations with our partners, and incur expenses as a public company, including insurance, financial reporting, legal, and audit costs. As we continue our progress toward commercialization, we expect that our operating expenses will increase substantially due to increased headcount and other general and administrative expenses necessary to support a rapidly growing public company substantially.

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We may need additional capital before we recognize material revenues, which may not be available on commercially reasonable terms or at all. As a result, we may need to access the debt and equity capital markets to obtain additional financing in the future. However, these sources of financing may not be available on acceptable terms, or at all. Our ability to obtain additional financing will be subject to a number of factors, including:

- market conditions;
- the level of success we have experienced with our research and development programs;
- our operating performance;
- investor sentiment; and
- our ability to incur additional debt in compliance with any agreements governing our then-outstanding debt.

These factors may make the timing, amount, terms, or conditions of additional financings unattractive to us. If we raise additional funds by issuing equity, equity-linked, or debt securities, those securities may have rights, preferences, or privileges senior to the rights of our currently issued then-issued and outstanding equity or debt, and our existing stockholders may experience dilution. If we are unable to generate sufficient funds from operations or raise additional capital, we may be forced to take actions to reduce our capital or operating expenditures, including by not seeking potential acquisition opportunities, eliminating redundancies, or reducing or delaying our production facility expansions, any one of which may adversely affect could have a material adverse effect on our business, operating prospects, results of operations, and financial condition and prospects, condition.

If we fail to effectively manage our future growth, we may not be able to market and license the technology and know-how to manufacture our cells or sell our electrolyte successfully, electrolyte.

We intend to use our cash on hand to expand our operations significantly, with a view toward accelerating our research and development activities and positioning our company for potential commercialization of our technologies, technology. In connection with these efforts, we anticipate hiring, retaining, and training personnel, personnel; establishing manufacturing plants and other facilities, facilities; and implementing administrative infrastructure, systems, and processes. That said, our management team has considerable discretion in the application of the funds available to us. We may invest these funds in a manner that does not result improve our ability to market and license the technology and know-how to manufacture our cells or sell our electrolyte and ultimately results in a significant, return or any,

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return at all for our stockholders. In addition, pending their use, we may invest the our cash we hold on hand in a manner that does not produce income or that loses value. If we cannot Failure to effectively manage our growth effectively, including by controlling our expenditures for these initiatives to the greatest extent possible, could have a material adverse effect on our business, could be harmed, prospects, results of operations, and financial condition.

Our interim CEO and several of our other executive officers have only management team has limited experience in operating a public company.

We are evaluating candidates for our chief executive officer position. We cannot assure you of the timing for completion of our recruitment efforts for this key position. Our interim CEO and several of our executive officers have only management team has limited experience in the management of a publicly traded company. Our management team public company and may not successfully or effectively manage being a public company subject to significant regulatory oversight and reporting obligations under federal securities laws. We may not have adequate personnel with the appropriate level of knowledge, experience, and training in the policies, practices, or internal controls over financial reporting required of public companies in the United States. As a result, we may be required to pay higher outside legal, accounting, or consulting costs than our competitors, and our management team members may

have to devote a higher proportion of their time to issues relating to compliance with the laws applicable to public companies, both either of which might could put us at a disadvantage relative to our competitors.

We may not succeed in establishing, maintaining, and strengthening our brand, which would materially and could adversely affect impact customer acceptance of our technologies and our business, revenues and prospects. technology.

Our business and prospects depend on our ability to develop, maintain, and strengthen our brand. If we are not able to establish, maintain and strengthen our brand, we may lose the opportunity to build a critical mass of customers. The automobile battery industry is intensely competitive, and we may not be successful in building, maintaining, and strengthening our brand. Our current and potential competitors, including many battery cell manufacturers and OEMs around the world, have greater name recognition, broader customer relationships, and substantially greater marketing resources than we do. If we do not develop and maintain a strong brand, we may lose the opportunity to build a critical mass of customers, which could adversely impact customer acceptance of our technology and have a material adverse effect on our business, prospects, results of operations, and financial condition and operating results will be materially and adversely impacted. condition.

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Risks Related to Finance and Accounting

Our expectations and targets regarding the times when we will achieve various technical, pre-production and production-level performance objectives depend in large part upon assumptions, estimates, measurements, testing, analyses and data developed and performed by us, which if incorrect or flawed, could have a material adverse effect on our actual operating results and performance.

Our expectations and targets regarding the times when we will achieve various technical, pre-production and production objectives reflect our current expectations and estimates. Whether we will achieve these objectives when we expect depends on a number of factors, many of which are outside our control, including, but not limited to:

- success and timing of our development activity and ability to develop cells that achieve our desired performance metrics and achieve the requisite automotive industry validations before our competitors;
- our success in securing additional development partnerships and the pace of our efforts with each of them;
- unanticipated technical or manufacturing challenges or delays;
- difficulties identifying or constructing the necessary research and development and manufacturing facilities;
- technological developments relating to lithium-ion, lithium-metal solid-state or other batteries that could adversely affect the commercial potential of our technologies;
- the extent of consumer acceptance of EVs generally, and those deploying our products, in particular;
- competition, including from established and future competitors in the battery cell industry or from competing technologies such as hydrogen fuel cells that may be used to power EVs;
- whether we can obtain sufficient capital when required to build our manufacturing facilities and sustain and grow our business;
- adverse developments in our partnership relationships, including termination of our partnerships or changes in our partners' timetables and business plans, which could hinder our development efforts;
- our ability to manage our growth;
- whether we can manage relationships with key suppliers and the availability of the raw materials we need to procure from them;
- our ability to retain existing key management, integrate recent hires and attract, retain and motivate qualified personnel; and
- the overall strength and stability of domestic and international economies.

Unfavorable changes in any of these or other factors, most of which are beyond our control, could materially and adversely affect our ability to achieve our objectives when planned and our business, results of operations and financial results.

Additionally, we cannot predict market reaction or the impact on the market price of our common stock as we make announcements regarding our achievement or failure to achieve our objectives and/or milestones we have publicly disclosed. Any negative market reactions as we make such announcements could result in the volatility of the price of our common stock.

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Incorrect estimates or assumptions by management in connection with the preparation of our consolidated financial statements could adversely affect impact our reported assets, liabilities, income, revenue, or expenses.

The preparation of our consolidated financial statements requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, stockholders' equity, revenue, income, revenue or and expenses during the reporting periods. Incorrect estimates and assumptions by management could adversely affect our result in reported amounts of assets, liabilities, income, revenue and expenses during the reporting periods. If we make incorrect assumptions or estimates, our reported financial results may be over that are overstated or understated which could materially and adversely affect have a material adverse effect on our business, financial condition and prospects, results of operations, operations, and financial condition.

If Our business could also be adversely impacted if we are unable to maintain an effective system of internal have deficiencies in our disclosure controls and procedures or internal control over financial reporting as required by SOX.

Pursuant to Section 404 of SOX, we are required to conduct annual assessments on the Sarbanes-Oxley Act, effectiveness of our internal control over financial reporting. These assessments require disclosure of any material weaknesses identified in our internal control over financial reporting, and we may not always be able to accurately report conclude, within the prescribed timeframe or at all, that our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our stock price, business and operating results.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. A material weakness is a deficiency, or a combination of deficiencies, in internal controls control over financial reporting such that there is a reasonable possibility effective.

During the course of our review and testing, we may identify deficiencies, including material weaknesses, and be unable to remediate them before we must provide required reports. If we identify one or more material weaknesses, stockholders may lose confidence in the reliability of our financial statements and the price of our common stock and Warrants may decline. The existence of a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Any newly-identified material weaknesses weakness could also limit our ability to prevent or detect a misstatement of our accounts or disclosures, that which could result in a material misstatement of our annual or interim consolidated financial statements. Efforts We cannot guarantee that efforts to remediate a material weakness as we experienced in 2021 and 2022, may be time consuming and costly and there is no assurance that these initiatives will ultimately have the intended effects and to permit us to timely file our periodic financial reports. If we are unable to maintain compliance quarterly and annual reports with securities law requirements regarding timely filing of periodic reports or applicable stock exchange listing requirements, investors may lose confidence in our financial reporting and our stock price may decline as a result the SEC, and we could may become subject to litigation or investigations by the SEC or other regulatory authorities, which could require additional authorities. If we are unable to timely file periodic reports or maintain compliance with applicable stock exchange listing requirements, stockholders may lose confidence in our financial reporting, the price of our common stock and management resources. Warrants may decline, our common stock and Warrants may be subject to delisting, and we may become subject to litigation or investigations by the SEC or other regulatory authorities. We cannot assure you guarantee that the measures we have taken to date, or any measures we may take in the future, will be sufficient to avoid potential future deficiencies or material weaknesses.

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As a public company, which could have an adverse effect on we are subject to the reporting requirements of the Exchange Act, SOX, stock exchange listing requirements, and other applicable securities rules and regulations. These rules and regulations require us to incur significant legal, accounting, and financial compliance costs. In addition, advocacy efforts by stockholders and third parties may prompt additional governance and reporting requirements. Our management team and other personnel devote a substantial amount of time to compliance initiatives. Our compliance efforts may not be successful and may divert management's attention from other business concerns and harm our business, financial condition, and results of operations.

We maintain cash deposits in excess of federally insured limits. Adverse developments affecting financial institutions, including bank failures, could adversely impact our liquidity and financial performance.

As we maintain domestic cash deposits in Federal Deposit Insurance Corporation, or FDIC, insured banks that exceed the FDIC insurance limits. The failure of a public company, bank, or other adverse conditions in the financial or credit markets impacting financial institutions at which we face increased legal, accounting, administrative maintain balances, could adversely impact our liquidity and financial performance. Bank failures; events involving limited liquidity, defaults, non-performance, or other costs adverse developments that affect financial institutions; or concerns or rumors about such events may lead to liquidity constraints. For example, on March 10, 2023, Silicon Valley Bank failed and expenses that we did not face as a private company. The Sarbanes-Oxley Act, including the requirements of Section 404, as well as rules and regulations subsequently implemented was taken into receivership by the SEC, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the rules and regulations promulgated and to be promulgated thereunder, the PCAOB, and the securities exchanges impose additional reporting and other obligations on public companies. The development and implementation FDIC. We cannot guarantee that our deposits in excess of the standards and controls necessary for us FDIC or other comparable insurance limits will be backstopped by the U.S. or applicable foreign government, or that any bank or financial institution with which we do business will be able to achieve obtain needed liquidity from other banks or government institutions or by acquisition in the level of accounting standards required event of a public company in the United States may require costs greater than expected. We will be required to expand our employee base and hire additional employees to support our operations as a public company, which will increase our operating costs in future periods.

Compliance with public company requirements increases costs and makes certain activities more time-consuming. A number of those requirements require us to carry out activities we have not done previously. For example, our Board has committees that did not exist when we were a private company and we have adopted new internal controls and disclosure controls and procedures. In addition, we incur significant expenses associated with SEC reporting requirements. Furthermore, if any issues in complying with those requirements are identified (for example, if the auditors identify a material weakness failure or significant deficiency in the internal control over financial reporting), we could incur additional costs rectifying those issues, and the existence of those issues could adversely affect our reputation or investor perceptions of it. As a public company, it is also more expensive to obtain director and officer liability insurance. The additional reporting and other obligations imposed by these rules and regulations will increase legal and financial compliance costs and the costs of related legal, accounting and administrative activities. These increased costs will require us to spend money that could otherwise be used on our research and development programs and to achieve strategic objectives. Advocacy efforts by stockholders and third parties may also prompt additional changes in governance and reporting requirements, which could further increase costs. liquidity crisis.

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[Table of Contents](#)**Our ability to utilize our any net operating loss and losses or tax credit carryforwards to offset future taxable income may be subject to certain limitations.**

In general, under Section 382 of the Internal Revenue Code limits the ability of a corporation that undergoes an "ownership change" is subject to limitations on its ability to use its pre-change NOLs net operating losses to offset future taxable income. The limitations apply if a corporation undergoes an "ownership change," which is generally defined as means a greater than 50 percentage point change (by value) in its a corporation's equity ownership by certain stockholders over a three-year period. If we have experienced an ownership change at any time since our incorporation, we may be subject to these limitations on our ability to utilize our existing NOLs net operating losses and other tax attributes to offset taxable income or tax liability. In addition, the business combination and future changes in our stock ownership, which may be outside of our control, may trigger an ownership change. Similar provisions of state

Changes in tax law may also apply to limit our or regulations could suspend the use of accumulated state net operating losses or tax attributes, credits, possibly with retroactive effect. As a result, even if we earn net taxable income, we could be unable or limited in the future, our ability to use our pre-change NOLs net operating losses and other tax attributes to offset such taxable income, or tax liability may be subject to limitations, which could potentially result in increased future income tax liability to us.

There are liabilities. Similar provisions of state tax law may also a risk that changes in law or regulatory changes may result in suspensions on the limit our use of NOLs or accumulated state tax credits, possibly with retroactive effect, and our existing NOLs or tax credits expiring or otherwise being unavailable to offset future income tax liabilities. attributes.

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[The unavailability, reduction or elimination Table of government and economic incentives could have a material adverse effect on our business, prospects, financial condition and operating results.](#) [Contents](#)

We currently, and expect to continue to, benefit directly and indirectly from certain government grants, subsidies and economic incentives including tax credits, rebates and other incentives that support the development and adoption of clean energy technology. We cannot assure you that these grants, subsidies and incentive programs will be available to us at the same or comparable levels in the future. Any reduction, elimination or discriminatory application of government grants, subsidies and economic incentives because of policy changes, or the reduced need for such grants, subsidies and incentives due to the perceived success of clean and renewable energy products or other reasons, may require us to seek additional financing, which may not be obtainable on commercially attractive terms or at all, and may result in the diminished competitiveness of the battery cell industry generally or our solid-state battery cells in particular. Any change in the level of grants, subsidies and incentives from which we benefit could materially and adversely affect our business, prospects, financial condition and operating results.

Risks Related to Legal and Regulatory Compliance

We Future litigation, regulatory actions, or government investigations and inquiries may lead us to incur significant costs or harm our reputation.

From time to time, we may become subject to product liability claims, which could harm our financial condition involved in significant litigation, regulatory actions, or government investigations and liquidity inquiries as well as legal proceedings and investigations arising in the normal course of business, such as commercial or contractual disputes; warranty claims; disputes with potential customers, former employees, and suppliers; intellectual property matters; personal injury claims; environmental issues; tax matters; and employment matters. Further, if we are not able to successfully defend or insure against such claims.

If we are successful in our commercialization efforts, we may become subject to product liability claims which could harm if our business, prospects, operating results, and financial condition. We face inherent risk of exposure to claims in the event our battery cells products do not perform as expected or malfunction resulting malfunction.

The defense of lawsuits, regulatory actions, or government investigations and inquiries may divert our management's attention, and we may incur significant expenses in personal injury or death. Our risks in this area are particularly pronounced given our cells and electrolyte are still in addressing these matters. In the development stage and have not yet been commercially tested or mass produced. A successful product liability claim against us could require us future, we may be required to pay damages or settlements or become subject to injunctions or other equitable remedies, and such claims or liabilities may not be covered by our insurance or by any rights of indemnity or contribution that we have against others. Although we maintain insurance in amounts we believe to be adequate, we may incur claims or liabilities for which we are not insured or that exceed the amount of our insurance coverage. The outcome of litigation, regulatory actions, and government investigations and inquiries is often difficult to predict, and future litigation, regulatory actions, or government investigations and inquiries could have a substantial monetary award. Moreover, material adverse effect on our business, prospects, results of operations, and financial condition. Additionally, even if unsuccessful, a product liability claim lawsuit, regulatory action, or government investigation could generate substantial negative publicity about our technology and business, and inhibit or prevent commercialization of our cells products, and electrolyte and future product candidates, which would have a material adverse effect on impede our brand, business, prospects and operating results. Any insurance coverage might not be sufficient to cover all potential product liability claims. Any lawsuit seeking monetary damages either in excess of our coverage, or outside of our coverage, may have a material adverse effect on our reputation, business and financial condition. We may not be able to secure additional product liability insurance coverage on commercially acceptable terms or at reasonable costs, when needed, particularly if we do face liability for our products and are forced to make a claim under then-existing policies.

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From time to time, we may be involved in litigation, regulatory actions or government investigations and inquiries, which could have a material adverse impact effect on our profitability business, prospects, results of operations, and consolidated financial position.

We may be involved in a variety of litigation, other claims, suits, regulatory actions or government investigations and inquiries and commercial or contractual disputes that, from time to time, are significant. In addition, from time to time, we may also be involved in legal proceedings and investigations arising in the normal course of business including, without limitation, commercial or contractual disputes, including warranty claims and other disputes with potential customers, former employees and suppliers, intellectual property matters, personal injury claims, environmental issues, tax matters, and employment matters. For example, in connection with the business combination, we received a demand letter from an alleged stockholder of DCRC relating to the proposals for which we sought stockholder approval at the special meeting of stockholders on December 7, 2021. We incurred costs in responding to, and ultimately settling with, such alleged stockholder.

We are subject to substantial regulation, and unfavorable changes to, or failure by us to comply with, these regulations could substantially harm have a material adverse effect on our business, prospects, results of operations, and operating results. financial condition.

The sale of EVs, and motor vehicles in general, Our technology is subject to substantial regulation under international, federal, state, and local laws, including export control laws and other international trade regulations, which are continuously evolving as technology develops and becomes more widely adopted. We anticipate that our battery cells and electrolyte also would be subject to these regulations, and we expect to incur significant costs in complying with these regulations.

regulations as we develop and work to commercialize our technology. The U.S. government has made and continues to make significant changes in U.S. trade policy and has taken certain actions that could negatively impact U.S. trade, including imposing tariffs on certain goods imported into the United States, increasing scrutiny on foreign direct investment, and modifying export control laws applicable to certain technologies. In retaliation, other countries have implemented, and continue to evaluate, imposing additional trade controls on a wide range of American U.S. products and companies. The U.S. or foreign governments may take additional administrative, legislative, or regulatory action that could materially interfere with our ability to source and procure the raw materials we need for our research and development activities and, in the future, to sell products in certain countries. Sustained uncertainty about, or worsening of, current global economic conditions and further escalation of trade tensions between the United States and its trading partners could result in a global economic slowdown and long-term changes to global trade. Any alterations to Compliance with, and monitoring of, applicable regulations may be difficult, time-consuming, and costly. The nature and extent of any changes in regulations, and their impact on our business, strategy or operations made in order to adapt to or comply with any such changes could be time-consuming and expensive, unpredictable, and certain of our competitors may be better suited to withstand or react to these changes.

To the extent Any changes in the laws change, and regulations to which we or our products may not comply with applicable international, federal, state partners, contractors, suppliers, or local customers are subject, or any changes in enforcement, administration, or interpretation of such laws which would or regulations, could interfere have a material adverse effect on our business, prospects, results of operations, and financial condition.

We are also subject to laws affecting our operations outside of the United States, including anti-bribery laws, anti-corruption laws, anti-money laundering, and export control laws. For example, our products — including our cells and related technology — are or may in the future be subject to trade and export control laws and regulations in the United States and other jurisdictions where we do business. Compliance with changing regulations could As a result, an export license may be burdensome, time consuming, required to export or re-export our products and expensive. To technology to certain countries or end-users or for certain end-uses or such export, re-export, or end uses may be prohibited. Obtaining the extent compliance with new regulations is cost prohibitive, necessary export license for a particular sale or offering may not be possible or may be time-consuming and may result in the delay or loss of sales opportunities. Additionally, the FCPA prohibits bribery of foreign public officials, government employees, and political parties and requires public companies in the United States to keep books and records that accurately and fairly reflect their transactions. We may leverage third parties to sell our products and conduct our business prospects, financial condition abroad, and operating results would be adversely affected.

Internationally, there we or such third parties may interact with officials and employees of government agencies or state-owned or -affiliated entities. Regulators in the United States and a number of other countries have expanded their focus on enforcement of anti-bribery, anti-corruption, and export control laws in recent years. While we have implemented policies and procedures designed to ensure compliance by us and our personnel with the FCPA and other applicable anti-bribery, anti-corruption, anti-money laundering, and export control laws, such policies and procedures may not yet be effective in jurisdictions all instances to prevent violations. Any determination that we have entered that

may restrict our sales violated these laws could subject us to, among other things, civil and criminal penalties, significant fines, profit disgorgement, injunctions on future conduct, securities litigation, suspension or other business practices. The laws in this area can be complex, difficult to interpret and may change over time. Continued regulatory limitations and other obstacles that may interfere with our ability to commercialize our products could have a negative and material impact on our business, prospects, financial condition and results of operations. disbarment

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Our technology from government contracts, and our website, systems, and data we maintain may be subject to intentional disruption, other security incidents, or alleged violations loss of laws, regulations, or other obligations relating to data handling that could result in liability and adversely impact our reputation and future sales. We may be required to expend significant resources to continue to modify or enhance our protective measures to detect, investigate and remediate vulnerabilities to security incidents, including measures impacting our ability to develop and maintain a supply chain. In addition, we will be required to comply with rapidly evolving laws and regulations legislation in this area. Any future failure by us to comply with applicable cybersecurity or data privacy legislation or regulation export privileges, any one of which could have a material adverse effect on our business, reputation, prospects, results of operations, or and financial condition.

We expect Responding to face any investigation or action may also divert our management's attention, and we may incur significant challenges expenses in defending an investigation or action.

Additionally, we and our partners, contractors, suppliers, and customers are subject to numerous international, federal, state, and local environmental health and safety laws and regulations that may require us or our partners, contractors, suppliers, or customers to obtain permits; comply with respect to information security and maintaining the security and integrity of our systems procedures or restrictions; or incur significant capital, operating, and other systems used costs associated with compliance. For example, our manufacturing process creates regulated air emissions, and we are required to utilize emissions control technology as a result. Our facilities are also subject to environmental permitting requirements, and permitting agencies with discretionary authority may refuse to issue required permits or impose costly permit conditions. Such actions could increase the cost, or lengthen the timeline, of developing additional manufacturing facilities. Future changes in permitted uses or conflicts with non-governmental organizations regarding the use of land for our manufacturing facilities could delay or prevent us from building additional research and development and manufacturing facilities, which could have a material adverse effect on our business, as well as prospects, results of operations, and financial condition. Further, we rely on third-party contractors to ensure compliance with respect certain laws and regulations, including those relating to the data stored on or processed by these systems. We also anticipate receiving disposal of wastes. If we are unable to secure contractors for key supply chain and storing confidential business information of our partners disposal services, we could incur increased costs for compliance with environmental health and customers. Advances in technology, an increased level of sophistication safety laws and expertise of hackers, and new discoveries in the field of cryptography can result in a compromise or breach of the systems used in our business or of security measures used in our business to protect confidential information, personal information, and other data. We may be a target for attacks designed to disrupt our operations or to attempt to gain access to our systems or to data that we possess, including proprietary information that we obtain from our partners pursuant to our JDAs with them. We also are at risk for interruptions, outages and breaches of our and our outsourced service providers' operational systems and security systems, our integrated software and technology, and data regulations. Any determination that we or our contractors have violated these laws and regulations could subject us to, among other things, civil and criminal penalties, other liabilities under such laws and regulations, and liabilities for any impacts to human health or natural resources, any one of which could have a material adverse effect on our business, prospects, results of operations, and financial condition.

We may be adversely impacted by a disruption or failure of our information technology infrastructure, data security breach, or failure to comply with privacy laws.

Our information technology infrastructure is critically important to our business operations. We rely heavily on a host of computer software and hardware systems, including our financial, accounting, and other data processing systems and the systems of third-party service providers process or possess. providers. These may be caused by, among other causes, physical theft, viruses or other malicious code, denial or degradation of service attacks, ransomware, social engineering schemes, and insider theft or misuse.

The availability and effectiveness of our cell technology and our ability to conduct our business and operations depend on the continued operation of information technology and communications systems, some of which we have yet to develop or otherwise obtain the ability to use. Systems we currently use or may use in the future in conducting our business, including data centers and other information technology systems, will many of which are managed

by third parties or used in connection with shared service centers, may be vulnerable susceptible to damage, disruptions, or interruption. Such systems could also be subject shutdowns due to break-ins, sabotage factors outside of our control, such as failures during the process of upgrading or replacing software, databases, or components thereof; maintenance or security issues or errors; issues with migration of applications to the "cloud;" power outages; hardware or software failures; cyberattacks and intentional acts other cyber incidents; telecommunication failures; denial of vandalism, as well as disruptions and security incidents as a result of non-technical issues, including intentional service; user errors; or inadvertent acts or omissions by employees, service providers, or others. We currently use, and may use in the future, outsourced service providers to help provide certain services, and any such outsourced service providers face similar security and system disruption risks as us. Our ability to monitor our outsourced service providers' security measures is limited, and, in any event, third parties may be able to circumvent those security measures, resulting in the unauthorized access to, misuse, acquisition, disclosure, loss, alteration, or destruction of personal, confidential, natural disasters, terrorist attacks, or other data, including data relating to individuals. catastrophic events. Some of the our information technology systems used in our business will are not be fully redundant, and our disaster recovery planning cannot account for all eventualities. Any

We and our third-party service providers face various security threats on a regular basis, including ongoing cybersecurity threats to and attacks on our and their information technology infrastructure. Cyberattack techniques change often, may not immediately be recognized, and can originate from a wide variety of sources. There has been an increase in the frequency, sophistication, and ingenuity of the data security incidents or other disruptions to any data centers or other systems used in our business could result in lengthy interruptions in our service threats we and may adversely affect our business, prospects, financial condition, reputation and operating results.

Significant capital and other resources may be required in efforts to protect against information security breaches, security incidents, and system disruptions, or to alleviate problems caused by actual or suspected information security breaches and other data security incidents and system disruptions. The resources required may increase over time as the methods used by hackers and others engaged in online criminal activities and otherwise seeking to obtain unauthorized access to systems or data, and to disrupt systems, are increasingly sophisticated and constantly evolving. In particular, ransomware attacks have become more prevalent in the industrial sector, which could materially and adversely affect our ability to operate and may result in significant expense.

In addition, we may face increased compliance burdens regarding such requirements with regulators and customers regarding our products and services and also incur additional costs for oversight and monitoring of our supply chain. These additional compliance and logistical burdens are attenuated through our international partnerships. We also cannot be certain that these systems, networks, and other infrastructure or technology upon which we rely, including those of our third-party suppliers or service providers, will be effectively implemented, maintained or expanded as planned, or will be free from bugs, defects, errors, vulnerabilities, viruses, or malicious code. We may be required to expend significant resources to make corrections or to remediate issues that are identified or to find alternative sources.

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Any failure or perceived failure by us or our service providers face. We have experienced threats to our data and systems, and existing measures may not prevent information security breaches or other security incidents or system disruptions, or any compromise limit the impact of security that results in or is perceived or reported to result in a future incident. Any unauthorized access to or loss, theft, alteration, release acquisition of data belonging to us or transfer of, our information, partners, contractors, suppliers, customers, or any personal information, confidential information, or other data employees could result in loss or theft of proprietary confidential information or sensitive data and intellectual property, could harm financial loss or misappropriation of funds, a disruption of our business, damage to our reputation and competitive position, and could expose us exposure to legal claims, regulatory investigations and proceedings, intervention and fines, penalties, and other liability. Any such actual liability, any one of which could have a material adverse effect on our business, prospects, results of operations, and financial condition. Additionally, if our partners, contractors, suppliers, and customers experience a breach or perceived security breach, security incident system failure, their business could be disrupted, which could result in a disruption in our supply chain or disruption could also divert the efforts of our technical research and management personnel and could require us to development activities.

We incur significant costs in building and operational consequences in connection with investigating, maintaining our information technology infrastructure; protecting against or remediating eliminating and putting in place additional tools, devices, policies, and other measures designed to prevent actual or perceived security breaches, and other incidents, and system disruptions. Moreover, we could be required or otherwise find it appropriate disruptions; and monitoring and complying with evolving and complex data privacy regulations, which costs may increase over time. We are subject to expend significant capital a variety of laws and other resources to respond to, notify third parties of, regulations regarding privacy, data protection,

and otherwise address the incident or breach data security, and its root cause, and most many jurisdictions have enacted laws requiring require companies to notify individuals, regulatory authorities, and others of security breaches involving certain types of data.

Further, we cannot assure that any limitations We may expend significant resources to notify third parties of liability provisions in a breach, and our current or future contracts that may be applicable would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim relating to a security breach or other security-related matter. We also cannot be sure that our existing insurance coverage will continue to may not be available on acceptable terms or will be available in sufficient amounts to cover claims or liabilities related to a security breach or incident, or that the insurer will not deny coverage as incident. Further, we may be unable to any future claim. The successful assertion of claims against us that exceed available insurance coverage, or the occurrence of comply with changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results, and reputation.

Additionally, laws, regulations, and other actual and potential obligations relating to data privacy data hosting and transparency of data, data protection, and data security are evolving rapidly, and we expect to potentially be subject to new laws and regulations, or new interpretations of laws and regulations in the future in various jurisdictions. These laws, regulations, necessary timeframe or at reasonable cost, and other obligations, and changes in their interpretation, could require us to modify our operations and practices, restrict our activities, and increase our costs. Further, these laws, regulations, and other obligations are complex and evolving rapidly, and we cannot provide assurance that we will not claims, allegations, or other proceedings related to actual or alleged obligations relating to privacy, data protection, or data security. It is possible that these laws, regulations, and other obligations may be inconsistent with one another or be interpreted or asserted to be inconsistent with our business or practices. We anticipate needing to dedicate substantial resources to comply with laws, regulations, and other obligations relating to privacy and cybersecurity in order to comply. Any any failure or alleged or perceived failure to comply with any applicable laws, data privacy regulations or other obligations relating to privacy, data protection, or data security could also result in regulatory investigations and proceedings, and misuse of or failure to secure data relating to individuals could also result in claims and proceedings against us by governmental entities or others, penalties fines and other liability, and damage to our reputation and credibility, and could have a negative impact on our business, prospects, financial condition and operating results.

We are subject to various existing and future environmental health and safety laws, which may result in increased compliance costs or additional operating costs and restrictions. Failure to comply with such laws and regulations may result in substantial fines or other limitations that could adversely impact our financial results or operations.

Our company and our operations, as well as our contractors, suppliers, and customers, are subject to numerous federal, state, local and foreign environmental laws and regulations governing, among other things, the generation, storage, transportation, and disposal of hazardous substances and wastes. We are also subject to a variety of product stewardship and manufacturer responsibility laws and regulations, primarily relating to the collection, reuse and recycling of electronic waste, as well as regulations regarding the hazardous material contents of electronic product components and product packaging, and non-hazardous wastes. We or others in our supply chain may be required to obtain permits and comply with procedures that impose various restrictions and operations that could have adverse effects on our operations. If key permits and approvals cannot be obtained on acceptable terms, or if other operations requirements cannot be met in a manner satisfactory for our operations or on a timeline that meets our commercial obligations, it may adversely impact our business. There are also significant capital, operating and other costs associated with compliance with these environmental laws and regulations. reputation.

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Environmental and health and safety laws and regulations are subject to change and may become more stringent in the future, such as through new regulations enacted at the supranational, national, sub-national, and/or local level or new or modified regulations that may be implemented under existing law. The nature and extent of any changes in these laws, rules, regulations, and permits may be unpredictable and may have material effects on our business. Future legislation and regulations or changes in existing legislation and regulations, or interpretations thereof, could cause additional expenditures, restrictions, and delays in connection with our operations as well as our other future projects, or may require us to manufacture with alternative technologies and materials.

Our manufacturing process creates regulated air emissions which are typically managed within established permit limits by available emissions control technology. Should permitted limits or other requirements change in the future, the company may be required to install additional, more costly control

technology. If we were to violate any such permit or related permit conditions, we may incur significant fines and penalties.

We rely on third parties to ensure compliance with certain environmental laws, including those relating to the disposal of wastes. Any failure to properly handle or dispose of wastes, regardless of whether such failure is ours or our contractors, may result in liability under environmental laws, as well as liability for any impacts to human health or natural resources. The costs of liability with respect to contamination could have a material adverse effect on our business, financial condition, or results of operations. Additionally, we may not be able to secure contracts with third parties and contractors to continue their key supply chain and disposal services for our business, which may result in increased costs for compliance with environmental laws and regulations.

Our research and development activities expose our employees to potential occupational hazards such as, but not limited to, the presence of hazardous materials, machines with moving parts, and high voltage and/or high current electrical systems typical of large manufacturing equipment and related safety incidents. There may be safety incidents that damage machinery or product, slow or stop production, or harm employees. Employees may be exposed to toxic hydrogen sulfide as a result of the components we use being exposed to moisture. If released in an uncontrolled manner, this hydrogen sulfide can create hazardous working conditions. Consequences may include litigation, fines, increased insurance premiums, mandates to temporarily halt production, workers' compensation claims, or other actions that impact our brand, finances, or ability to operate.

Some of our operations involve the manufacture and/or handling of a variety of explosive and flammable materials. We might experience incidents such as leaks and ruptures, explosions, fires, transportation accidents involving our chemical products, chemical spills and other discharges or releases of toxic or hazardous substances or gases and environmental hazards in the future or that these incidents will not result in production delays or otherwise have a material adverse effect on our business, financial condition or results of operations, for which we may not be adequately insured.

We rely on government contracts and grants for a substantial portion of our revenue and to partially fund our research and development activities, which and such contracts and grants are subject to a number of uncertainties, challenges, and risks.

We currently rely on government contracts and grants for a substantial portion of our revenue and to partially fund our research and development activities. Contracts and grants with government entities are subject to a number of risks. Obtaining grant funding and selling to government entities can be highly competitive, expensive, and time consuming, often requiring significant upfront time and expense without any assurance that we will be successful. In the event that we are successful in being awarded a government contract or grant, such award of success. Awards of contracts and grants may be subject to appeals, disputes, or litigation, including, but not limited to, bid protests by unsuccessful bidders. Availability of government funding for our solutions may be impacted by public sector budgetary cycles and funding authorizations, with funding reductions or delays could adversely affecting impact public sector demand for our solutions. Where technology. Further, government funds contracts often contain provisions and are used, the subject to laws and regulations that provide government customers with additional rights and remedies not typically found in commercial contracts. For example, government customers may terminate existing contracts for convenience, with short notice, and without cause. Government contracts may also require all work to be performed in and/or certain products to be manufactured in the United States, and we may not manufacture all products in locations that meet government requirements, and as a result, our business and results of operations may suffer. Contracts with governmental entities may also particular jurisdiction, include preferential pricing terms, including, but not limited to, "most favored customer" pricing and obligations to disclose aspects of how our pricing is developed. Additionally, we may be required or require us to obtain special certifications to sell some or all of our solutions to government or quasi-government entities. Such certifications. If such certification requirements for our solutions may change thereby restricting our ability to sell into the federal government sector until or we have obtained such certification. If our products are late in achieving or fail to timely achieve or maintain compliance with these certifications and standards, or our competitors achieve compliance with these certifications and standards, applicable requirements, we may be disqualified from selling our products to such governmental entities, or be at a competitive disadvantage which would harm and disqualified from selling our business, results of operations, and financial condition. There are no assurances that we will find the terms for obtaining such certifications technology to be acceptable government or that we will be successful in obtaining or maintaining the certifications. quasi-government entities.

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As a government contractor or subcontractor, we must comply with laws, regulations, and contractual provisions relating to the formation, administration, and performance of government contracts and grants, and inclusion on government contract vehicles, which affect how we and our partners do business with government agencies. Government contracts often contain provisions and are subject to laws and regulations that provide government customers with additional rights and remedies not typically found in commercial contracts. These rights and remedies allow government customers, among other things, to terminate existing contracts for convenience and/or with short notice and without cause, and whether a government contract or grant might

be terminated by the government under such a provision is outside of our control and could adversely affect our revenue. As a result of actual or perceived noncompliance with government contracting laws, regulations, or contractual provisions, we may be subject to non-ordinary course audits and internal investigations which may prove costly to our business financially, divert management time, or limit our ability to continue selling our products and services to our government customers. These laws and regulations may impose other added costs on our business, and business. Any failure to comply with these or other applicable such laws, regulations, and requirements, including non-compliance in the past, provisions could lead to claims for damages from our partners, downward contract price adjustments or refund obligations, refunds, civil or criminal penalties, and termination of contracts and contract, suspension or debarment from obtaining government contracts and grants, for a period or non-ordinary course audits and internal investigations, any one of time with government agencies. Any such damages, penalties, disruption, or limitation in our ability to do business with a government which could have a material adverse effect on our business, prospects, results of operations, and financial condition, public perception condition.

In addition to government contracts and growth prospects.

grants, we benefit from certain government subsidies and economic incentives, including tax credits, rebates, and other incentives, that support the development and adoption of clean energy technology. We are subject cannot guarantee that government grants, subsidies, and incentives will be available to multiple environmental permitting processes us at the national, sub-national, and same or local level. Failure to obtain key permits and approvals may adversely impact our business.

Our facilities are subject to local, state and federal siting and environmental permitting requirements. Permitting agencies with discretionary authority may refuse to issue required permits, forcing consideration of alternative sites, or may impose costly permit conditions. Such actions could increase the cost, or lengthen the timeline, of developing additional manufacturing facilities.

Even if we successfully navigate our way through the permitting phases, future conflicts may arise comparable levels in the course future. Any reduction, elimination, or discriminatory application of our development activities, including restrictions on our actions due to new these grants, subsidies, or evolving environmental legislation, changes in permitted uses and conflicts with non-governmental organizations regarding the use of land for our manufacturing facilities. If such conflicts arise, we incentives may be delayed or prevented from building our research and development and manufacturing facilities, which could have a negative impact on our financial condition, prospects, and results of operations.

We are subject to anti-corruption and anti-bribery laws and anti-money laundering laws, and non-compliance with such laws can subject require us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of seek additional financing, which could adversely affect our business, results of operations, financial condition and reputation.

We are subject to the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, and possibly other anti-bribery and anti-corruption laws and anti-money laundering laws in various jurisdictions in which we conduct, or in the future may conduct, activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit us and our officers, directors, employees, business partners, agents, representatives and third-party intermediaries from corruptly offering, promising, authorizing or providing, directly or indirectly anything of value to recipients in the public or private sector.

We may leverage third parties to sell our products and conduct our business abroad. We, our officers, directors, employees, business partners, agents, representatives and third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and may be held liable for the corrupt or other illegal activities of these employees, agents, representatives, business partners or third-party intermediaries even if we do not explicitly authorize such activities. We cannot assure you that all of our officers, directors, employees, business partners, agents, representatives and third-party intermediaries will not take actions in violation of applicable law, for which we may be ultimately held responsible. If we conduct international sales and business, our risks under these laws may increase.

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 and compliance procedures designed to prevent any such actions. While we have certain policies and procedures to address compliance with such laws, we cannot assure you that none of our officers, directors, employees, business partners, agents, representatives and third-party intermediaries will take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

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A violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation. Our policies and procedures designed to ensure compliance with these regulations may not be sufficient obtainable on commercially attractive terms or at all, and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Any allegations or violation diminish the competitiveness of the FCPA battery industry generally or other applicable anti-bribery our technology in particular. Any change in our ability to secure these grants, subsidies, and anti-corruption laws and anti-money laundering laws could subject us to whistleblower complaints, adverse media coverage, investigations, settlements, prosecutions, enforcement actions, fines, damages, loss of export privileges, and severe administrative, civil and criminal sanctions, suspension or debarment from government contracts, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, prospects, financial condition and reputation. Responding to any investigation or action will likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

Changes in laws or regulations, or a failure to comply with any laws or regulations, may adversely affect our business, investments and results of operations.

We are subject to laws and regulations enacted by national, regional and local governments. In particular, we are required to comply with certain SEC and other legal requirements. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes incentives could have a material adverse effect on our business, investments and prospects, results of operations. In addition, a failure to comply with applicable operations, and financial condition.

Changes in relevant tax laws or regulations, as interpreted and applied, could have a material an adverse effect on interpretation of these items by tax authorities, or changes to our business and results of operations.

As obligations as a result of plans to expand our expanded business operations including to jurisdictions in which could adversely impact our effective tax laws may not be favorable, our obligations may change or fluctuate, become significantly more complex or become rate and tax liability.

We are subject to greater risk of examination by taxing authorities, any of which could adversely affect our after-tax profitability and financial results.

Our effective tax rates may fluctuate widely in the future, particularly if our business expands domestically or internationally. Future effective tax rates could be affected by operating losses in jurisdictions where no tax benefit can be recorded under GAAP, changes in deferred tax assets and liabilities, or changes in tax laws. Factors that could materially affect our future effective tax rates include, but are not limited to: (i) changes in tax laws or the regulatory environment, (ii) changes in accounting and tax standards or practices, (iii) changes in the composition of operating income by tax jurisdiction and (iv) pre-tax operating results our business.

Additionally, we may be subject to significant income, withholding, and other tax obligations in the United States and the Republic of Korea and may become subject to taxation in numerous additional U.S. international, state, and local and non-U.S. jurisdictions with respect to income, operations, and subsidiaries related to those jurisdictions. Our after-tax profitability and future effective tax rates may fluctuate widely. Our effective tax rate in a given financial results could reporting period may be subject to volatility or be affected materially impacted by numerous a variety of factors, including (i) such as the availability composition of operating income by tax deductions, credits, exemptions, refunds and other benefits to reduce tax liabilities, (ii) jurisdiction; changes in the valuation of deferred tax assets and liabilities, if any, (iii) the expected timing application of accounting and amount tax standard, and our pre-tax operating results; and new or revised tax legislation.

Additionally, we record tax expense based on our estimates of the release of any future payments, which may include reserves for uncertain tax positions in multiple tax jurisdictions, and valuation allowances (iv) the related to certain net deferred tax treatment of stock-based compensation, (v) changes in the relative amount of earnings assets. At any one time, many tax years may be subject to tax in the audit or examination by various taxing jurisdictions, (vi) the potential business expansion into, or otherwise becoming subject to tax in, additional jurisdictions, (vii) changes to existing intercompany structure (and any costs related thereto) and business operations, (viii) the extent of intercompany transactions and the extent to which results of these audits, examinations, and negotiations with taxing authorities may affect the ultimate settlement of these issues. Increases in relevant jurisdictions respect those intercompany transactions, our effective tax rate and (ix) the ability to structure business operations in an efficient and competitive manner. Outcomes from audits or examinations by taxing authorities tax liability could have an a material adverse effect on our after-tax profitability business, prospects, results of operations, and financial condition. Additionally, the IRS and several foreign tax authorities have increasingly focused attention on intercompany transfer pricing with respect to sales of products and services and the use of intangibles. Tax authorities could disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. If we do not prevail in any such disagreements, our profitability may be affected.

Our after-tax profitability and financial results may also be adversely affected by changes in relevant tax laws and tax rates, treaties, regulations, administrative practices and principles, judicial decisions and interpretations thereof, in each case, possibly with retroactive effect.

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Changes to applicable tax laws and regulations or exposure to additional income tax liabilities could affect our business and future profitability.

We are a U.S. corporation and thus subject to U.S. corporate income tax on our worldwide income. Further, our operations and customers are primarily located in the United States, and, as a result, we are subject to various U.S. federal, state and local taxes. U.S. federal, state and local and non-U.S. tax laws, policies, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us and may have an adverse effect on its business and future profitability.

For example, several tax proposals have been set forth that would, if enacted, make significant changes to U.S. tax laws. Congress may consider, and could include, some or all of these proposals in connection with tax reform that may be undertaken. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could take effect. The passage of any legislation as a result of these proposals and other similar changes in U.S. federal income tax laws could adversely affect our business and future profitability.

Risks Related to our Common Stock and the Warrants

Sales The price of our common stock and Warrants could be adversely impacted by sales of substantial amounts of our common stock or Warrants in the public markets, market or the perception that such sales could occur, could cause the market price of our common stock to drop significantly. occur.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. stock and Warrants.

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We have registered shares reserved for future issuance under our equity incentive compensation plans. Subject to the satisfaction of applicable vesting restrictions, the shares issued thereunder will be available for immediate resale in the public market.

We may not realize the anticipated benefits of our stock repurchase program, and any failure to repurchase shares of our common stock may adversely impact the price of our common stock.

On January 23, 2024, we announced that our Board approved a stock repurchase program authorizing us to purchase up to \$50 million of our outstanding common stock. Under the repurchase program, we may purchase shares of our common stock from time to time on the open market, in unsolicited negotiated transactions, or in any manner that complies with the provisions of Rule 10b-18 of the Exchange Act. The repurchase program expires December 31, 2025. The timing and amount of any purchases under the repurchase program will depend on a number of factors, such as the price of our common stock, economic and market conditions, and corporate and regulatory requirements. If we do not purchase shares of our common stock under the repurchase program, our reputation, investor confidence, and the price of our common stock may be adversely impacted.

The existence of the repurchase program could cause the price of our common stock to be higher than it otherwise would be and potentially reduce the market liquidity for our common stock. Further, we cannot guarantee that any purchases under the repurchase program will enhance long-term stockholder value. For example, the price of our common stock may decline below the levels at which we purchase such shares, and short-term fluctuations in the price of our common stock could reduce the effectiveness of the repurchase program. Purchasing shares of our common stock under the repurchase

program will also reduce the amount of cash we have available to fund capital expenditures, investments in strategic initiatives, other operating requirements, and further share repurchases, and we may fail to realize the anticipated benefits of the repurchase program.

If securities or industry analysts do not publish, or cease publishing publish inaccurate or unfavorable, research or reports about us, our business, or our market, or if they adversely change their recommendations regarding our common stock, adversely, the price and trading volume of our common stock and Warrants could decline.

The trading market for our common stock and **warrants will be Warrants** is influenced by the research and reports that industry or securities analysts may publish about us, our business, our market, or our competitors. If any of **the** these analysts **who may cover us adversely** change their recommendation regarding our common stock, **adversely**, or provide more favorable relative recommendations about our competitors, the price of our common stock and **warrants would likely Warrants could** decline. If any **analyst who may cover us** were to **of these analysts** cease **their** coverage or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause **our stock** the price or trading volume of **our common stock and Warrants** to decline.

We may issue The issuance of additional shares of common stock under an employee our equity incentive plan compensation plans or an employee stock purchase plan or shares of preferred stock. Any such issuances stock would dilute the interest of our stockholders and likely may present other risks.

We may issue a substantial number of additional shares of common stock under **an employee our equity incentive plan compensation plans or an employee stock purchase plan** and we may also issue preferred stock. The issuance of additional shares of common stock or **shares** of preferred stock:

- may significantly dilute the equity interests of our **investors; existing stockholders;**
- **may would** subordinate the rights of holders of common stock if preferred stock is issued with rights senior to those afforded our common stock;
- could cause a change in control if a substantial number of shares of our common stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and could result in the resignation or removal of our present officers and directors; and
- may adversely **affect prevailing market prices for impact the price of our common stock and/or warrants, and Warrants.**

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Delaware law and provisions in our Second A&R Charter and Bylaws might delay, discourage, or prevent a change in control of the Company or changes in our management, thereby depressing the market price of our common stock and Warrants. Warrants.

Our status as We are a Delaware corporation, and the anti-takeover provisions of the DGCL may discourage, delay, or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, **the provisions of our** Second A&R Charter and **our** Bylaws **contain provisions that** may make the acquisition of us more difficult, **deter hostile takeovers, or delay or prevent changes in control** of our management. Among other things, these provisions:

- provide advance notice procedures with regard to stockholder nominations of candidates for election as directors or other stockholder proposals to be brought before meetings of our stockholders, which may **preclude** **discourage** our stockholders from bringing certain matters before meetings of our stockholders;
- provide the Board the ability to authorize issuance of preferred stock, **in one or more series**, which makes it possible for the Board to issue, without **our stockholder's stockholder** approval, preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of Solid Power and which may have the effect of deterring hostile takeovers or delaying changes in control or management of Solid Power;
- provide **that the for a classified Board be divided into three classes of directors, with staggered three-year terms**, with each class as nearly equal in number as possible, serving staggered three-year terms; possible;
- **a prohibition on prohibit** stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of **our** stockholders;

- provide that certain provisions of our Second A&R Charter can only be amended or repealed by the affirmative vote of the holders of at least 66 2/3% in voting power of the outstanding shares of our common stock entitled to vote thereon, voting together as a single class;
- provide that certain provisions of our Bylaws can be altered or repealed by (i) the Board or (ii) our stockholders upon the affirmative vote of 66 2/3% of the voting power of our common stock outstanding and entitled to vote thereon, voting together as a single class;
- provide that only the Board (pursuant to a majority vote) or the Chairperson of the Board may call a special meeting; meeting of stockholders; and
- the designation of designate Delaware and federal courts as the exclusive forum for certain disputes.

Our Bylaws designate state courts within the Court of Chancery of the State of Delaware as the exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees, or agents.

Our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another State court in Delaware or the federal district court for the District of Delaware) shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of Solid Power, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, stockholder, officer or other employee of Solid Power to us or our stockholders, (iii) any action arising pursuant to any provision of the DGCL or our Second A&R Charter or our Bylaws (as either may be amended from time to time), or (iv) any action asserting a claim governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which such court determines that there is an indispensable party not subject to the jurisdiction of such court (and the indispensable party does not consent to the personal jurisdiction of such court within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than such court or for which such court does not have subject matter jurisdiction.

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In addition, our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act against any person in connection with any offering of our securities, including, without limitation and for the avoidance of doubt, any auditor, underwriter, expert, control person, or other defendant.

Our Bylaws provide that the exclusive forum provision will be applicable Pursuant to the fullest extent permitted by applicable law. Section 27 of the Exchange Act, creates exclusive claims arising thereunder must be brought in federal jurisdiction over all suits brought to enforce any duty or liability created by district courts of the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision does not apply to suits brought to enforce any duty or liability created by the Exchange Act or any rule or regulation promulgated thereunder (in each case, as amended), or any other claim over which the federal courts have exclusive jurisdiction, United States of America.

This The choice of forum provision in our Bylaws 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, agents, which may discourage lawsuits with respect to such claims, although claims. However, our stockholders will not be deemed to have waived (and cannot waive) our compliance with federal securities laws and the rules and regulations thereunder. Alternatively, if a court were to find the choice of forum provision contained in our Bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, operating prospects, results of operations, and financial condition.

There is can be no guarantee assurance that the Public Warrants will ever be in the money, at the time they become exercisable, and they may expire worthless.

The exercise price for each of our Public Warrants and Private Placement the Warrants is \$11.50 per share of common stock. There is can be no guarantee assurance that the Public Warrants will ever be in the money following the time they become exercisable and prior to their expiration, and as such, the Public Warrants may expire worthless.

We may amend the terms of the warrants Warrants in a manner that may be adverse to holders of Public Warrants with the approval of the holders of at least 50% of the then-outstanding Public Warrants (or, if applicable, 65% of the then-outstanding Public Warrants and 65% of the then-outstanding Private Placement Warrants, voting as separate classes). As a result, the exercise price of the warrants could be increased, the exercise period could be shortened and the number of shares of our common stock purchasable upon exercise of a warrant could be decreased, all without any specific holder's approval.

Our warrants Warrants were issued in registered form under our warrant agreement with Continental Stock Transfer & Trust Company as warrant agent. The warrant agreement which provides that the terms of the warrants Warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 50% of the then-outstanding Public Warrants to make any change that other changes. However, if an amendment would adversely affects and differently affect either the interests Public Warrants or Private Placement Warrants, the approval of 65% of the registered holders then-outstanding Public Warrants and 65% of Public Warrants, the then-outstanding Private Placement Warrants, voting as separate classes, is required. Accordingly, we may amend the terms of the Public Warrants in a manner adverse to a holder if holders of at least 50% of the then-outstanding Public Warrants (or, if applicable, 65% of the then-outstanding Public Warrants and 65% of the then-outstanding Private Placement Warrants, voting as separate classes) approve of such amendment. Although our ability to amend the terms of the Public Warrants with approval of the consent holders of at least 50% of the then-outstanding Public Warrants (or, if applicable, 65% of the then-outstanding Public Warrants and 65% of the then-outstanding Private Placement Warrants, voting as separate classes) is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, Warrants, convert the warrants Warrants into cash or stock (at a ratio different than initially provided), shorten the exercise period, or decrease the number of shares of our common stock purchasable upon exercise of a warrant. Warrant

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Item 1B. Unresolved Staff Comments

None.

Item1C. Cybersecurity

We use various tools and methodologies, including third-party services, to assess, identify, and manage cybersecurity threats. For example, we utilize third-party services to monitor the security and integrity of our information systems and the other third-party information systems upon which we rely on an ongoing basis. We also engage a third-party cybersecurity auditor for regular penetration and vulnerability testing and assessment of our processes. Our information technology department oversees cybersecurity risk management and reports significant incidents to management. We consult with our advisors as appropriate, including on materiality analysis and disclosure matters, and management makes the final materiality determinations and disclosure and other compliance decisions.

The Board has delegated primary responsibility for oversight of our cybersecurity risk exposures to the Audit Committee, and the Audit Committee receives routine updates on cybersecurity matters from management. Our Chief Financial Officer, Mr. Paprzycki, oversees our information technology department and has helped to develop our information systems and processes. Our information technology department works closely with Mr. Paprzycki and other members of management to continuously evaluate and address cybersecurity risks in alignment with our business objectives and operational needs.

We have not identified risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition, but we cannot guarantee that we will not be materially affected in the future by such risks or any future cybersecurity incidents. For more information, see "Part I, Item A. Risk Factors—Risks

Related to Legal and Regulatory Compliance—We may be adversely impacted by a disruption or failure of our information technology infrastructure, data security breach, or failure to comply with privacy laws.”

Item 2. Properties

We currently operate out of two facilities in Colorado. We lease approximately 29,000 square feet in Louisville, Colorado under a lease that expires in September 2029. Most of this facility, which we refer to as SP1, is used for cell production, research and development, small-scale electrolyte manufacturing quality control, and quality control, general office space.

We lease approximately 75,000 square feet in Thornton, Colorado under a lease that expires in March 2029. This Most of this facility, which we refer to as SP2, is designed to support used for pilot production of electrolyte, research and development, quality control, and general office space.

In addition, we lease general office space in the Republic of Korea that is immaterial to our financial statements.

Item 3. Legal Proceedings

From time to time, we may become involved in litigation or other legal proceedings. We are not currently a party to any litigation or legal proceedings that are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock and warrants Warrants are traded on The Nasdaq Stock Market LLC under the symbols “SLDP” and “SLDPW,” respectively.

Holders of Common Stock and Warrants

As of February 27, 2023 February 26, 2024, there were 3426 record holders of our common stock and four record holders of our warrants. Warrants. The actual number of stockholders and warrantholders, Warrant holders, respectively, is greater than this number of record holders and includes investors who are beneficial owners but whose shares or warrants Warrants are held in street name by brokers and other nominees.

Recent Sales of Unregistered Securities

None.

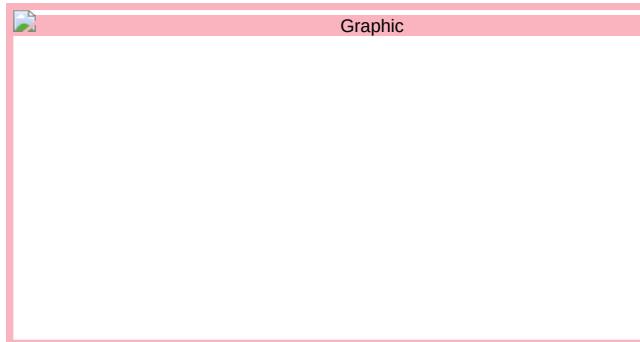
Issuer Purchases of Equity Securities

None.

Stock Performance Graph

The following graph shows the total stockholder return of an investment of \$100 on December 9, 2021 (the date our common stock began trading on Nasdaq following the business combination) through December 31, 2022 for (1) our common stock, (2) the Russell 2000 Index, and (3) a peer group

index we selected. Our peer group consists of Blink Charging Co., Canoo Inc., ChargePoint Holdings, Inc., Enovix Corp., ESS Tech, Inc., EVgo Inc., Fisker Inc., FREYR Battery, Hyliion Holdings Corp., Lightning eMotors, Inc., Lordstown Motors Corp., Microvast Holdings, Inc., Mullen Automotive Inc., Nikola Corporation, Proterra Inc., QuantumScape Corporation, SES AI Corp., and Stem, Inc. All values assume reinvestment of all dividends. The comparisons in the graph are required by the SEC and are not intended to forecast or be indicative of possible future performance of our common stock. This graph shall not be deemed "soliciting material" or be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.



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Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this Report. The following discussion contains forward-looking statements that reflect future plans, estimates, beliefs, and expected performance. For additional discussion, see "Special Cautionary Note Regarding Forward-Looking Statements" above. The forward-looking statements are dependent upon events, risks, and uncertainties that may be outside of our control. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed elsewhere in this Report particularly under "Part I, Item 1A. Risk Factors," as such descriptions may be updated or amended in "Risk Factors." future filings we make with the SEC. Unless indicated otherwise, the following discussion and analysis of financial condition and results of operations should be read in conjunction with the consolidated statements and notes thereto in this Report. We do not undertake, and expressly disclaim, any obligation to publicly update any forward-looking statements, whether as a result of new information, new developments or otherwise, except to the extent that such disclosure is required by applicable law.

Overview

We are developing solid state solid-state battery technologies to enable the next generation of rechargeable batteries technology for the fast-growing EV and other markets. additional markets served by battery manufacturers.

Our core technology is our proprietary sulfide-based solid electrolyte material, which replaces the liquid or gel electrolyte used in conventional traditional lithium-ion batteries. We believe that our electrolyte material can enable extended improve driving range, longer battery life, improved safety performance, and lower costs compared to conventional lithium-ion battery costs.

We are also are designing and developing solid state solid-state cells that utilize with our electrolyte, in the cathode, anode, and separator layers. We currently produce 0.2 Ah, 2 Ah, 20 Ah, and EV cells on two pilot lines using established manufacturing processes. In 2022, we installed our EV line, which allows us to produce EV cells between 60 Ah and 100 Ah. The EV line is designed to produce cells as part of the automotive qualification process and for vehicle integration demonstration purposes.

We have partnered with industry leaders, including Ford, BMW, and SK On. We are working closely with each of these partners to refine and validate our cell designs and electrolyte material with the ultimate goal to commercialize our technologies. Our business model – technology by selling our electrolyte to cell manufacturers and licensing our cell designs. This approach is capital light, unlike other battery manufacturers who require significant production facilities and equipment. This strategy allows us to focus on our core strengths of electrolyte production and solid-state technology development.

We currently produce our electrolyte on a pilot manufacturing processes – distinguishes us from many of our competitors who plan cell development and for customer sampling. We currently develop our cells on our two pilot lines, producing multiple cell sizes to be commercial battery manufacturers. Ultimately, we endeavor to be a leading producer both support our partners and distributor of sulfide-based solid electrolyte material for powering both EVs and other applications. Since we do not intend to commercially produce battery cells, refine cell designs. Longer-term, we expect our pilot lines to invest less than other development-stage battery companies that plan to commercially manufacture their own cell designs focus on research and construct battery production facilities.

The products we currently make are in the development stage and require continued development and validation before we can commercialize either our electrolyte or cell technology.

The Business Combination

The business combination was accounted for as a reverse recapitalization, in accordance with GAAP. Under this method of accounting, DCRC was treated as the "acquired" company for financial reporting purposes. Accordingly, the business combination was treated as the equivalent of Legacy Solid Power issuing stock for the net assets of DCRC, accompanied by a recapitalization, whereby no goodwill or other intangible assets was recorded. Operations prior to the business combination are those of Legacy Solid Power. While DCRC was the legal acquirer, because Legacy Solid Power was deemed the accounting acquirer, the historical financial statements of Legacy Solid Power became the historical financial statements of the combined company upon the consummation of the business combination.

As a result of the business combination, we became a Nasdaq-listed company, which will require that we continue to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. We expect to incur additional annual expenses as a public company for, among other things, directors' and officers' liability insurance, director fees, additional internal and external accounting, legal, administrative resources, and increased audit, compliance, and legal fees.

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We have partnered with industry leaders BMW, Ford, and SK On and will continue to work closely with our partners to improve cell designs, produce electrolyte material, and commercialize our technology. Our results of operations products are currently in the development stage and statements of assets require further research and liabilities may not be comparable between periods as a result of the business combination. Improvement before we can commercialize our technology. For more information, see "Risk Factors – Risks Related to Development and Commercialization."

Key Factors Affecting Operating Results

We are a research and development-stage company and have not generated significant revenue through the sale of our electrolyte or licensing of our cell designs. Our ability to commercialize our products depends on several factors that present significant opportunities for us but also pose material risks and challenges, including those discussed in the "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements," appearing in sections of this Report, which are incorporated by reference.

Prior to reaching commercialization, we must test and validate our products to ensure they meet the performance and safety requirements of our customers. We also will have to continue to negotiate licensing and supply contracts with our customers on terms and conditions that are mutually acceptable. We will need to scale production of our electrolyte material to satisfy anticipated demand. All of these factors will take time and affect our operating results. Since many factors are difficult to quantify, our actual operating results may be different than we currently anticipate.

Our revenue generated to date has primarily come from research and development performance on government contracts and research and development licensing activities. We have and are deploying substantial capital to expand our

production capabilities and engage in research and development programs. We also expect to continue to incur significantly more significant administrative expenses as a publicly traded company than we did previously.

In addition to meeting our development goals, commercialization and future growth and demand for our products is highly dependent upon consumers adopting EVs. The market for new energy vehicles is still rapidly evolving due to emerging technologies, competitive pricing, government regulation and industry standards, and changing consumer demands and behaviors.

Basis of Presentation

We currently conduct our business through one operating segment. As a research and development company with no commercial operations, our activities to date have been limited and were conducted primarily in the United States. Our historical results are reported under GAAP and in U.S. dollars.

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Results of Operations

The following table is a consolidated summary of our operating results for the periods indicated:

| (in thousands) | Year Ended December 31, | | | | Year Ended December 31, | | | |
|--|-------------------------|-----------|-------------|--------|-------------------------|-----------|-------------|-------|
| | 2022 | 2021 | Change | % | 2023 | 2022 | Change | % |
| Revenue | \$ 11,789 | \$ 2,712 | \$ 9,077 | 335 % | \$ 17,410 | \$ 11,789 | \$ 5,621 | 48 % |
| Operating Expenses | | | | | | | | |
| Direct costs | 9,592 | 3,073 | 6,519 | 212 % | 27,731 | 9,592 | 18,139 | 189 % |
| Research and development | 38,592 | 17,102 | 21,490 | 126 % | 54,749 | 38,592 | 16,157 | 42 % |
| Marketing and sales | 3,692 | 3,428 | 264 | 8 % | | | | |
| General and administrative | 19,032 | 5,655 | 13,377 | 237 % | | | | |
| Selling, general and administrative | | | | | 25,550 | 22,724 | 2,826 | 12 % |
| Total operating expenses | 70,908 | 29,258 | 41,650 | 142 % | 108,030 | 70,908 | 37,122 | 52 % |
| Operating Loss | (59,119) | (26,546) | (32,573) | (123)% | (90,620) | (59,119) | (31,501) | 53 % |
| Nonoperating Income (Expense) | | | | | | | | |
| Nonoperating Income and Expense | | | | | | | | |
| Interest income | 4,692 | 56 | 4,636 | NM | 20,265 | 8,476 | 11,789 | 139 % |
| Change in fair value of warrant liabilities | 40,903 | 51,233 | (10,330) | (20)% | 4,890 | 40,903 | (36,013) | (88)% |
| Interest expense | (42) | (394) | 352 | (89)% | (84) | (42) | (42) | 100 % |
| Other income (expense) | 3,784 | (3,602) | 7,386 | NM | | | | |
| Loss from change in fair value of embedded derivative liability | — | (2,680) | 2,680 | (100)% | | | | |
| Total nonoperating income | \$ 49,337 | \$ 44,613 | \$ 4,724 | NM | | | | |
| Pretax Income (Loss) | (9,782) | 18,067 | (27,849) | (154)% | | | | |
| Total nonoperating income and expense | | | | | \$ 25,071 | \$ 49,337 | \$ (24,266) | (49)% |
| Pretax Loss | | | | | (65,549) | (9,782) | (55,767) | 570 % |
| Income tax benefit | (227) | (25) | (202) | NM | — | (227) | 227 | NM |
| Net Income (Loss) | \$ (9,555) | \$ 18,092 | \$ (27,647) | (153)% | | | | |
| Premium paid on repurchase of redeemable convertible preferred stock | — | (5,436) | 5,436 | NM | | | | |
| Net Income (Loss) attributable to Common Stockholders | \$ (9,555) | \$ 12,656 | \$ (22,211) | (175)% | | | | |
| Other Comprehensive Loss | | | | | | | | |
| Unrealized loss on marketable securities | (3,159) | — | (3,159) | NM | | | | |

| | | | | |
|--|-------------|-----------|-------------|-------------------------------|
| Comprehensive loss attributable to Common Stockholders | \$ (12,714) | \$ 12,656 | \$ (25,370) | NM |
| Net Loss Attributable to Common Stockholders | | | \$ (65,549) | \$ (9,555) 586 % |
| Other Comprehensive Income (Loss) | | | 2,600 | (3,159) 5,759 NM |
| Comprehensive Loss Attributable to Common Stockholders | | | \$ (62,949) | \$ (12,714) \$ (50,235) 395 % |

NM = Not meaningful

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The key factors driving our 2022 2023 increase in operating loss were as follows:

- Revenue and direct costs – our overall revenue and related direct costs increased for the period as a result of additional performance under our JDAs and government contracts, as well as additional product sales. contracts.
- Research and development – our research and development costs increased for the period primarily as a result of increased labor costs and material consumption as we expanded the development efforts of our battery cells and electrolyte material. We expect our development costs to continue to increase as we continue to accelerate both the pace and scope of our development efforts.
- General Selling, general, and administrative – our selling, general and administrative costs expenses increased for the period primarily as a result due to additional use of increased headcount to support our operational and organizational capabilities, outside professional service fees, insurance costs, and labor resources as a result of our public company status and to support our growth. We continue to expect our general and administrative costs to increase as a result of services, additional planned hiring and increased public company compliance costs. workforce development associated with increasing our headcount to over 270 people, and enterprise resource planning system costs and implementation efforts.
- Non-cash stock Operating expenses – non-cash stock-based compensation costs increased for the period across Direct direct costs, Research research and development costs, and General selling, general and administrative expenses related to our increased labor costs. headcount.
- Nonoperating income – our nonoperating income increased decreased for the period primarily due to increased interest income following strategic cash investments, and the absence of other expense related to the buyout and termination of a manufacturing rights agreement, offset by a decrease in the gain on fair value adjustment of warrant liabilities.

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| (in thousands) | Year Ended December 31, | | | |
|----------------------------|-------------------------|----------|----------|--------|
| | 2021 | 2020 | Change | % |
| Revenue | \$ 2,712 | \$ 2,103 | \$ 609 | 29 % |
| Operating Expenses | | | | |
| Direct costs | 3,073 | 1,670 | 1,403 | 84 % |
| Research and development | 17,102 | 9,594 | 7,508 | 78 % |
| Marketing and sales | 3,428 | 1,205 | 2,223 | 184 % |
| General and administrative | 5,655 | 1,227 | 4,428 | 361 % |
| Total operating expenses | 29,258 | 13,696 | 15,562 | 114 % |
| Operating Loss | (26,546) | (11,593) | (14,953) | (129)% |

| Nonoperating Income (Expense) | | | | |
|--|------------------|--------------------|------------------|---------------|
| Interest income | 56 | 28 | 28 | NM |
| Change in fair value of warrant liabilities | 51,233 | — | 51,233 | — |
| Interest expense | (394) | (361) | (33) | NM |
| Other expense | (3,602) | — | (3,602) | — |
| Loss from change in fair value of debt | — | (437) | 437 | NM |
| Loss from change in fair value of embedded derivative liability | (2,680) | (2,817) | 137 | NM |
| Gain on loan extinguishment | — | 923 | (923) | NM |
| Total nonoperating income (expense) | \$ 44,613 | \$ (2,664) | \$ 47,277 | 1775 % |
| Pretax Income (Loss) | | | | |
| Income tax (benefit) expense | 18,067 | (14,257) | 32,324 | 227 % |
| Net Income (Loss) | \$ 18,092 | \$ (14,375) | \$ 32,467 | 226 % |
| Premium paid on repurchase of redeemable convertible preferred stock | (5,436) | — | (5,436) | — |
| Net Income (Loss) attributable to Common Stockholders | \$ 12,656 | \$ (14,375) | \$ 27,031 | 188 % |

NM = Not meaningful

The key factors driving our 2021 increase in operating loss were as follows:

- Revenue and direct costs – our overall revenue and related direct costs increased, however we saw an increase in revenue from governmental contracts and corresponding decrease to commercial revenues driven by the timing of program execution.
- Research and development – our research and development costs increased primarily as a result of increased labor costs and material consumption as we expanded the development efforts of our solid-state battery cells and electrolyte material.
- Marketing and sales – our marketing and sales costs increased as a result of increased labor costs and an expansion of our sales and marketing efforts.
- General and administrative – our general and administrative costs increased primarily as a result of professional service fees and labor costs as a result of our public company status. We expect our general and administrative costs to increase as a result of increased public company costs and requirements.
- Nonoperating income – our nonoperating income increased as a result of the lesser gain on fair value adjustment of warrant liabilities, loss from change in fair value of embedded derivative liability, and other expense partially offset by increased interest income related to the buyout and termination of a manufacturing rights agreement. strategic cash investment yields.

Liquidity and Capital Resources

Sources of Liquidity

Our primary sources of cash have historically been primarily derived from the sale of equity, and the business combination, with a small portion coming from performance on commercial revenues and government contracts and commercial revenues, contracts.

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As of December 31, 2022 December 31, 2023 and 2021, 2022, we had \$496.1, \$415.6, and \$589.3 million \$496.1 million of total liquidity, respectively, as set forth below:

| (in thousands) | December 31, 2022 | December 31, 2021 | December 31, 2023 | December 31, 2022 |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| Cash and cash equivalents | \$ 50,123 | \$ 513,447 | \$ 34,537 | \$ 50,123 |
| Marketable securities | 272,957 | 75,885 | 141,505 | 272,957 |
| Long-term investments | 172,974 | — | 239,566 | 172,974 |
| Total liquidity | \$ 496,054 | \$ 589,332 | \$ 415,608 | \$ 496,054 |

| | | |
|---------------------------|-----------|-----------|
| Total current liabilities | \$ 15,879 | \$ 20,733 |
|---------------------------|-----------|-----------|

Short-Term Liquidity Requirements

We anticipate that our most significant capital expenditures in 2023 will relate to finishing construction of our electrolyte facility, and enhancing production capabilities at this facility and our cell manufacturing lines. In addition, our short-term liquidity requirements include operating and capital expenses needed to further our research and development programs and to further optimize our pilot production lines and electrolyte manufacturing capabilities. We anticipate that our most significant capital expenditures in 2024 will relate to finishing construction of our advanced electrolyte research facility and enhancing the capabilities of our electrolyte production facility.

We anticipate our total combined capital and operational expenditures for 2024 will be between \$100 million and \$120 million, which includes approximately \$1.60 million for the payment of contractual cash obligations as of December 31, 2023, primarily related to payments for operating leases. We expect to fund our short-term liquidity requirements through our cash on hand and other liquid assets.

We anticipate our total combined capital and operational expenditures for Solid Power, Inc. | 2023 will be between \$50 million and \$60 million, which includes approximately \$1.45 million for the payment Form 10-K | 39

[Table of contractual cash obligations as of December 31, 2022, primarily related to payments for operating leases.](#) [Contents](#)

Long-Term Liquidity Requirements

We believe that our cash on hand is sufficient to meet our operating cash needs (including expenditures for the increased pace and scope of development as well as increased public company costs), working capital and capital expenditure requirements for a period of at least the next 12 months and longer term until we generate adequate cash flows from licensing activities and/or electrolyte sales. We also believe that we have adequate cash on hand for our \$50 million stock repurchase program, which our Board approved in light of our strong cash position.

We may however, need additional cash if there are material changes to our business conditions or other developments, including changes to our operating plan, development progress, delays in negotiations with OEMs, cell manufacturers, or other suppliers, market adoption of EVs, supply chain challenges, competitive pressures, inflation, and regulatory developments. To the extent that our resources are insufficient to satisfy our cash requirements, we may need to seek additional equity or debt financing. We also may opportunistically seek to enhance our liquidity through equity or debt financing, if such financing becomes available to us on terms that we consider favorable. If the financing is not available, or if the terms of financing are less desirable than we expect, we may be forced to take actions to reduce our capital or operating expenditures, which may adversely affect our development, business, operating results, financial condition and prospects.

Our cash investment policy is designed Stock Repurchase Program

On January 23, 2024, we announced that our Board approved a stock repurchase program authorizing us to provide flexibility purchase up to \$50 million of our outstanding common stock. Under the stock repurchase program, we may purchase shares of our common stock from time to time until the repurchase program expires on December 31, 2025. The shares of common stock may be purchased at management's discretion on the open market, in investment options. Our investment policy is designed primarily unsolicited negotiated transactions, or in any manner that complies with the provisions of Rule 10b-18 of the Exchange Act. Management's decision to maintain adequate liquidity to fund future operations, research repurchase shares will depend on a number of factors, such as the price of our common stock, economic and development, market conditions, and anticipated capital expenditures, with a secondary goal to maximize yield on cash not required to be liquid for near term operations. corporate and regulatory requirements.

Cash Flows

The following tables summarize table summarizes our cash flows from operating, investing, and financing activities for the periods presented.

| (in thousands) | Year Ended December 31, | | |
|---------------------------------------|-------------------------|-------------|------------|
| | 2022 | 2021 | 2020 |
| Net cash used in operating activities | \$ (33,824) | \$ (25,440) | \$ (9,995) |

| | | | |
|---|--------------|-------------|------------|
| Investing activities | | | |
| Net purchases and proceeds of marketable securities and long-term investments | \$ (371,191) | \$ (75,885) | \$ — |
| Purchases of property, plant and equipment | (58,296) | (12,617) | (1,020) |
| Purchases of intangible assets | (498) | (381) | (40) |
| Net cash used in investing activities | \$ (429,985) | \$ (88,883) | \$ (1,060) |
| Net cash provided by financing activities | \$ 485 | \$ 622,796 | \$ 5,395 |

| (in thousands) | Year Ended December 31, | |
|--|-------------------------|-------------|
| | 2023 | 2022 |
| Net cash and cash equivalents used in operating activities | \$ (58,261) | \$ (33,824) |
| Net cash and cash equivalents provided by (used in) investing activities | 42,502 | (429,985) |
| Net cash and cash equivalents provided by financing activities | \$ 173 | \$ 485 |

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Cash flows used in operating activities:

Cash used in operating activities increased from 2021 2022 to 2022 2023 primarily attributable to our operating loss, which was driven by continued increase in direct, research and development, costs and selling, general, and administrative expenses. We continue to expect cash flows used in operating activities to increase remain at these increased levels as we accelerate both continue the pace and scope of our development efforts and work to achieve commercialization of our products. We continue to anticipate increased expenditures for general and administrative functions in connection with our status as a public company and to support growth

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[Table of our development efforts](#) [Contents](#)

Cash used in operating activities increased from 2020 to 2021. This increase in cash use was primarily attributable to our operating loss related to similar increases in research and development costs and general and administrative expenses.

Cash flows used in provided by (used in) investing activities:

Cash used in provided by investing activities increased from 2021 2022 to 2022 2023 primarily due to capital expenditures, investments in patents, and the net effect of the increased purchase and sales of marketable securities, securities, in addition to decreased capital expenditures for property, plant and equipment. Capital expenditures were primarily for custom manufacturing equipment in connection with our expansion of electrolyte production capabilities and installation of our EV line. We continue to expect cash used in investing activities to increase as we finalize the build out of our electrolyte production facility and increase its production capabilities, and as we increase our electrolyte production scale. Each of our locations will continue to require investment in specialized equipment to facilitate the manufacturing process of our electrolyte material and battery cells. capabilities. As our production processes are scaled in the future for commercialization, especially with respect to our electrolyte material, we expect capital expenditures to increase.

Cash used in investing activities increased from 2020 to 2021 due to increases in capital expenditures and purchases of marketable securities in 2021. Capital expenditures were primarily for custom manufacturing equipment in connection with our expansion of electrolyte production.

Cash flows provided by financing activities:

Net cash **Cash** provided by financing activities for the year ended December 31, 2022 was 2022 and 2023 were primarily from related to the cash exercise of stock options. Net cash provided by financing activities for the year ended December 31, 2021 were primarily the proceeds from the business combination options and the Series B Financing. Net cash provided by financing activities for the year ended December 31, 2020 were primarily from the sale of convertible notes and proceeds from a bank term loan, which was retired in December 2021. shares of 2021 common stock under the ESPP, partially offset by leased equipment payments.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements, as defined under SEC rules.

Critical Accounting Estimates

Our discussion and analysis of financial condition and results of operations are based upon our financial statements included elsewhere or incorporated by reference in this Report. The preparation of our financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. We base our estimates on past experience, technical analysis and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. Actual results may differ from those estimates.

Our critical accounting estimates are those that materially affect our financial statements and involve difficult, subjective, or complex judgments by management. A thorough understanding of these critical accounting estimates is essential when reviewing our financial statements. We believe that the critical accounting estimates listed below involve the most difficult management decisions because they require the use of significant estimates and assumptions as described above.

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Valuation of Private Placement Warrant Liability

| Description | Judgments and Uncertainties | Effect if Results Differ From Assumptions |
|--|--|--|
| The private placement warrant liability is classified as a liability, in accordance with ASC Topic 815, as they do not satisfy the criteria to be classified as equity based on the indexation criteria. Public and private warrants are recorded at their fair value at the date of issuance, and subsequently remeasured at each reporting period end. Any change in value is recognized through the consolidated statement of operations. | Valuation of private placement warrants requires that we make significant judgments and assumptions related to the fair value based on the Black-Scholes model including term, stock price, volatility and the selection of guideline public companies, risk free rate and dividend yield. | If we were to change our judgments or estimates used in valuation of private warrants, it could cause a material increase or decrease to the gain or loss realized from the change in fair value of private placement warrants, and to the underlying warrant liability. |

Stock-Based Compensation

| Description | Judgments and Uncertainties | Effect if Results Differ From Assumptions |
|-------------|-----------------------------|---|
|-------------|-----------------------------|---|

We record stock-based compensation expense according to the provisions of ASC Topic 718 – Stock Compensation. ASC Topic 718 requires all share-based awards to employees, including grants of employee stock options, restricted stock units, and shares purchased through the Company's ESPP Plan to be recognized in the financial statements based on their fair values.

The grant date fair value of Legacy Solid Power's common stock was historically determined by its board of directors with the assistance of management and an independent valuation.

As of December 9, 2021, our common stock is publicly traded, and the fair value is based on the closing market price on the date grants are made.

Under the provisions of ASC Topic 718, we determine the appropriate fair value model to be used for valuing share-based issuances and the amortization method for recording compensation cost, which can be impacted by the following assumptions:

- expected term
- expected volatility
- expected dividend yield
- risk-free interest rate

If we were to change any of these judgments or estimates, it could cause a material increase or decrease in the amount of stock-based compensation expense reported.

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ESPP to be recognized in the financial statements based on their fair values.

The grant date fair value of Legacy Solid Power's common stock was historically determined by its board of directors with the assistance of management and an independent valuation.

Collaborative Revenue

| Description | Judgments and Uncertainties | Effect if Results Differ From Assumptions |
|-------------|-----------------------------|---|
|-------------|-----------------------------|---|

We recognize revenue from our research and development collaboration agreements representing joint operating activities in accordance with ASC Topic 808, Collaborative Arrangements. The elements of the collaboration agreements in which both parties to the contract are active participants and to which both parties are exposed to significant risks and rewards that are dependent on the commercial success of the efforts under the contract are recorded as collaborative arrangements.

Our revenue recognition accounting methodology requires us to make significant estimates and assumptions, and to apply professional judgment.

If we were to change our judgments or estimates, it could cause a material increase or decrease in the amount of revenue or deferred revenue that we report in a particular period.

Collaborative revenues from cost-based contracts are recognized based on costs incurred during each period plus any earned fee. Contract costs include all direct labor, subcontract costs, costs for materials and indirect costs related to the contract performance that are allowable under the provisions of the contract. Collaborative revenues from fee-based contracts are recognized based on costs incurred to meet contractually defined milestones and deliverables along with our assessment of achievement of those measurable deliverables under the contract or based on appropriate over time methods.

Leases

| Description | Judgments and Uncertainties | Effect if Results Differ From Assumptions |
|---|---|--|
| Under ASC 842, at contract inception we determine if an arrangement meets the definition of a lease, as either operating or financing leases. At lease commencement, we record and recognize right-of-use assets for the lease liability amount and initial direct costs incurred, offset by lease incentives received. We record lease liabilities for the net present value of future lease payments over the lease term. The discount rate we use is generally our estimated incremental borrowing rate unless the lessor's implicit rate is readily determinable. We calculate discount rates periodically to estimate the rate we would pay to borrow the funds necessary to obtain an asset of similar value, over a similar term, with a similar security. | Judgments made by management for our lease obligations include the determination of our incremental borrowing rate and the length of the lease term, which includes the determination of renewal options that are reasonably assured. We use our estimated incremental borrowing rate in determining the present value of lease payments for purposes of determining lease classification and recording lease liabilities and lease assets on our consolidated balance sheets. Our incremental borrowing rate is determined based on a synthetic credit rating, determined using a valuation model, adjusted to reflect a secured | These judgments may produce materially different amounts of depreciation, amortization and rent expense, right-of-use assets, and lease liabilities than would be reported if different assumed lease terms were used. |

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Leases

| Description | Judgments and Uncertainties | Effect if Results Differ From Assumptions |
|-------------|-----------------------------|---|
|-------------|-----------------------------|---|

to obtain an asset of similar value, over a similar term, with a similar security.

credit rating and a developed spread curve, if applicable, applied to a risk-free rate yield curve. The lease term can affect the classification of a lease as finance or operating for accounting purposes, the amount of the lease liability and corresponding right-of-use lease asset recognized, the term over which related leasehold improvements for each facility are amortized and any

These judgments may produce materially different amounts of depreciation, amortization and rent expense, right-of-use assets, and lease liabilities than would be reported if different assumed lease terms were used.

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Leases

| Description | Judgments and Uncertainties | Effect if Results Differ From Assumptions |
|-------------|---|---|
| | rent holidays and/or changes in rental amounts for recognizing rent expense over the term of the lease. | |

Research and Development

| Description | Judgments and Uncertainties | Effect if Results Differ From Assumptions |
|---|---|--|
| Our Company is in the research and development phase. Our product offering relies heavily on new technology currently undergoing development and does not yet meet standard specifications to be sold commercially. Therefore, all related costs are currently accounted for as part of research and development expense. The criteria established by the Company to determine when commercialization has been reached includes the length of time the units have been operational in the field and the level of performance at which those units operate. As we transition from the research and development phase and into a full commercial phase, all inventoriable costs will be capitalized. As of December 31, 2022 December 31, 2023, the criteria for commercialization have not yet been met. | Research and development costs require us to make judgments regarding our progress toward commercialization. We routinely assess this progress to prepare for the change in cost treatment. | If we were to change our judgment regarding research and development costs or our progress toward commercialization, it could cause a material change in cost treatment. |

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed, or anticipate a smaller reporting company as defined in Rule 12b-2 under the future Exchange Act. As a result, pursuant to be exposed, Item 305(e) of Regulation S-K, we are not required to a variety of market and other risks including credit risks, and foreign currency translation and transaction risks as well as risks relating to provide the availability of funding sources, hazard events and specific asset risks.

Credit Risk

Financial instruments that potentially subject us to concentration of credit risk consist primarily of cash, accounts receivable, and marketable securities. Domestic cash deposits exceeded the Federal Deposit Insurance Corporation insurable limit at December 31, 2022 and December 31, 2021. We have not experienced any losses on our cash deposits to date.

Furthermore, for the year ended December 31, 2022, 82% of our revenues came from contracts with four customers, and for the year ended December 31, 2021, 87% of our revenues came from contracts with four customers. We are subject to non-payment or non-performance of these counterparties, and we generally do not require collateral from our customers. We evaluate the collectability of our accounts receivable and provide an allowance for potential credit losses as necessary. To date, we have not experienced any customer credit losses. information required by this Item.

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Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Solid Power, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Solid Power, Inc. (the Company) as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework, and our report dated March 1, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

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Valuation of Private Placement Warrant Liability

Description of the Matter The fair value of the Private Placement Warrant Liability at December 31, 2022 December 31, 2023, was \$4.2 million. During the year ended December 31, 2022 December 31, 2023, the fair value of the Private Placement Warrant Liability decreased by \$19.3 million \$4.9 million. As discussed in Note 8 to the consolidated financial statements, the fair value of the Private Placement Warrant Liability was estimated using a Black-Scholes model that utilized various assumptions, including term, stock price, volatility, risk free rate and dividend yield. Changes to the fair value of the Private Placement Warrant Liability are included within the Consolidated Statement of Operations. The volatility assumption significantly affects the fair value of the Private Placement Warrant Liability. The volatility is estimated based on implied volatility from the Company's Public Warrants and from historical volatility of select peer companies' common stock that matches the expected remaining life of the warrants.

Auditing the fair value of the Private Placement Warrant Liability was challenging due to the judgmental nature of selecting an appropriate valuation model and the model's assumptions, especially the guideline public companies used to determine the volatility assumption.

How We Addressed the Matter in Our Audit To test the fair value of the Private Placement Warrant Liability, our audit procedures included, among others, assessing the appropriateness of the use of the Black-Scholes model and accuracy of the underlying calculation, including testing the assumptions used to calculate the fair value of the Private Placement Warrant Liability. We compared the term, stock price, risk free rate and dividend yield to readily available information as of the valuation date at December 31, 2022 December 31, 2023. For the volatility assumption, we assessed the suitability of the peer companies used based on the similarity of their operations to that of the Company and developed an independent range of volatility based on the implied volatility of the Company's Public Warrants and historical volatilities of the similarly sized peer companies. We involved our specialists to assist us with evaluating the Black-Scholes model, as well as to perform comparative range calculations using the assumptions previously discussed.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2021.

Denver, Colorado

March 1, 2023 February 28, 2024

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Solid Power, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Solid Power, Inc.'s internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework (the COSO criteria). In our opinion, Solid Power, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and our report dated March 1, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Denver, Colorado

March 1, 2023

Solid Power, Inc. | 2022 Form 10-K | 56

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Solid Power, Inc. Financial Statements
(in thousands, except par value and number of shares)
Consolidated Balance Sheets

| | December 31, | | December 31, | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2022 | 2021 | 2023 | 2022 |
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 50,123 | \$ 513,447 | \$ 34,537 | \$ 50,123 |
| Marketable securities | 272,957 | 75,885 | 141,505 | 272,957 |
| Contract receivables | 1,840 | 829 | 1,553 | 1,521 |
| Contract receivables from related parties | | | — | 319 |
| Prepaid expenses and other current assets | 2,888 | 4,216 | 5,523 | 2,888 |
| Total current assets | 327,808 | 594,377 | 183,118 | 327,808 |
| Property, Plant and Equipment, net | 82,761 | 22,082 | 99,156 | 82,761 |
| Right-Of-Use Operating Lease Asset, net | 7,725 | — | | |
| Right-Of-Use Financing Lease Asset, net | 922 | — | | |
| Right-Of-Use Operating Lease Assets, net | | | 7,154 | 7,725 |
| Right-Of-Use Finance Lease Assets, net | | | 1,088 | 922 |
| Other Assets | 1,148 | 602 | 1,060 | 1,148 |
| Long-term Investments | 172,974 | — | 239,566 | 172,974 |
| Intangible Assets, net | 1,108 | 619 | 1,650 | 1,108 |
| Total assets | \$ 594,446 | \$ 617,680 | \$ 532,792 | \$ 594,446 |
| Liabilities and Stockholders' Equity | | | | |
| Current Liabilities | | | | |
| Accounts payable | \$ 10,070 | \$ 4,326 | | |
| Accounts payable and other accrued liabilities | | | 6,455 | 11,326 |
| Current portion of long-term debt | 7 | 120 | — | 7 |
| Deferred revenue | 4,050 | 500 | 1 | 50 |
| Accrued and other current liabilities: | | | | |
| Deferred revenue from related parties | | | 828 | 4,000 |
| Accrued compensation | 4,528 | 1,151 | 7,590 | 4,528 |
| Other accrued liabilities | 1,256 | 2,269 | | |
| Operating lease liabilities, short-term | 549 | — | 626 | 549 |

| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| Financing lease liability, short-term | 273 | — | — | — |
| Finance lease liabilities, short-term | | 379 | 273 | 273 |
| Total current liabilities | 20,733 | 8,366 | 15,879 | 20,733 |
| Long-term Debt | — | 10 | — | — |
| Warrant Liabilities | 9,117 | 50,020 | 4,227 | 9,117 |
| Operating Lease Liabilities, Long-Term | 8,622 | — | 7,996 | 8,622 |
| Financing Lease Liabilities, Long-Term | 602 | — | — | — |
| Other Long-term Liabilities | — | 393 | — | — |
| Deferred Taxes | — | 226 | — | — |
| Finance Lease Liabilities, Long-Term | | | 552 | 602 |
| Other Long-Term Liabilities | | | 803 | — |
| Total liabilities | 39,074 | 59,015 | 29,457 | 39,074 |
| Stockholders' Equity | | | | |
| Common Stock, \$0.0001 par value; 2,000,000,000 shares authorized; 176,007,184 and 167,557,988 shares issued and outstanding as of December 31, 2022 and 2021, respectively | 18 | 17 | — | — |
| Common Stock, \$0.0001 par value; 2,000,000,000 shares authorized; 179,010,884 and 176,007,184 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively | | | 18 | 18 |
| Additional paid-in capital | 577,603 | 568,183 | 588,515 | 577,603 |
| Accumulated deficit | (19,090) | (9,535) | (84,639) | (19,090) |
| Accumulated other comprehensive loss | (3,159) | — | (559) | (3,159) |
| Total stockholders' equity | 555,372 | 558,665 | 503,335 | 555,372 |
| Total liabilities and stockholders' equity | \$ 594,446 | \$ 617,680 | \$ 532,792 | \$ 594,446 |

See accompanying Notes to Consolidated Financial Statements.

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Solid Power, Inc. Financial Statements
(in thousands, except number of shares and per share amounts)
Consolidated Statements of Operations

| | For the Years Ended December 31, | | |
|---|----------------------------------|----------|----------|
| | 2022 | 2021 | 2020 |
| Revenue | \$ 11,789 | \$ 2,712 | \$ 2,103 |
| Operating Expenses | | | |
| Direct costs | 9,592 | 3,073 | 1,670 |
| Research and development | 38,592 | 17,102 | 9,594 |
| Marketing and sales | 3,692 | 3,428 | 1,205 |
| General and administrative | 19,032 | 5,655 | 1,227 |
| Total operating expenses | 70,908 | 29,258 | 13,696 |
| Operating Loss | (59,119) | (26,546) | (11,593) |
| Nonoperating Income (Expense) | | | |
| Interest income | 4,692 | 56 | 28 |
| Change in fair value of warrant liabilities | 40,903 | 51,233 | — |
| Interest expense | (42) | (394) | (361) |

| | | | |
|--|--------------------|------------------|--------------------|
| Other income (expense) | 3,784 | (3,602) | — |
| Loss from change in fair value of debt | — | — | (437) |
| Loss from change in fair value of embedded derivative liability | — | (2,680) | (2,817) |
| Gain on loan extinguishment | — | — | 923 |
| Total nonoperating income (expense) | 49,337 | 44,613 | (2,664) |
| Pretax Income (Loss) | (9,782) | 18,067 | (14,257) |
| Income tax (benefit) expense | (227) | (25) | 118 |
| Net Income (Loss) | \$ (9,555) | \$ 18,092 | \$ (14,375) |
| Premium paid on repurchase of redeemable convertible preferred stock | — | (5,436) | — |
| Net Income (Loss) Attributable to Common Stockholders | \$ (9,555) | \$ 12,656 | \$ (14,375) |
| Other Comprehensive Loss | | | |
| Unrealized loss on marketable securities | (3,159) | — | — |
| Comprehensive Income (Loss) Attributable to Common Stockholders | \$ (12,714) | \$ 12,656 | \$ (14,375) |
| Basic earnings (loss) per share | (0.05) | 0.13 | (0.21) |
| Diluted earnings (loss) per share | (0.05) | 0.11 | (0.21) |
| Weighted average shares outstanding – basic | 174,374,386 | 95,477,472 | 69,228,444 |
| Weighted average shares outstanding – diluted | 174,374,386 | 114,910,129 | 69,228,444 |

| | For the Years Ended December 31, | |
|---|----------------------------------|--------------------|
| | 2023 | 2022 |
| Revenue | \$ 17,410 | \$ 11,789 |
| Operating Expenses | | |
| Direct costs | 27,731 | 9,592 |
| Research and development | 54,749 | 38,592 |
| Selling, general and administrative | 25,550 | 22,724 |
| Total operating expenses | 108,030 | 70,908 |
| Operating Loss | (90,620) | (59,119) |
| Nonoperating Income and Expense | | |
| Interest income | 20,265 | 8,476 |
| Change in fair value of warrant liabilities | 4,890 | 40,903 |
| Interest expense | (84) | (42) |
| Total nonoperating income and expense | 25,071 | 49,337 |
| Pretax Loss | (65,549) | (9,782) |
| Income tax benefit | — | (227) |
| Net Loss Attributable to Common Stockholders | \$ (65,549) | \$ (9,555) |
| Other Comprehensive Income (Loss) | 2,600 | (3,159) |
| Comprehensive Loss Attributable to Common Stockholders | \$ (62,949) | \$ (12,714) |
| Basic and diluted loss per share | (0.37) | (0.05) |
| Weighted average shares outstanding – basic and diluted | 178,006,919 | 174,374,386 |

See accompanying Notes to Consolidated Financial Statements.

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Solid Power, Inc. Financial Statements
 (in thousands, except number of shares)
Consolidated Statements of Stockholders' Equity

| | Common Stock | | | | | | | Common Stock | | | | | | |
|------------------|--------------|------------|------------|-----------------|-------------|-------------|---------------------|--------------|--------|-----------------|---------|-------------|-------------|---------------------|
| | Mezzanine | | Additional | | Accumulated | Accumulated | Total Stockholders' | Shares | | Additional | | Accumulated | Accumulated | Total Stockholders' |
| | Equity | Shares | Amount | paid-in capital | deficit | OCI | Equity | Shares | Amount | paid-in capital | deficit | OCI | Equity | |
| Balance | - | | | | | | | | | | | | | |
| December 31, | | | | | | | | | | | | | | |
| 2019 | \$ 29,096 | 7,213,730 | 1 | \$ — | \$ (16,197) | \$ — | \$ (16,196) | | | | | | | |
| Retroactive | | | | | | | | | | | | | | |
| application of | | | | | | | | | | | | | | |
| recapitalization | (29,096) | 61,573,943 | 6 | 26,145 | 2,945 | — | \$ 29,096 | | | | | | | |
| Adjusted | | | | | | | | | | | | | | |
| Balance | | | | | | | | | | | | | | |
| Beginning of | | | | | | | | | | | | | | |
| Period | \$ — | 68,787,673 | \$ 7 | \$ 26,145 | \$ (13,252) | \$ — | \$ 12,900 | | | | | | | |
| Net loss | — | — | — | — | (14,375) | — | (14,375) | | | | | | | |
| Bank warrant | | | | | | | | | | | | | | |
| issuance | — | — | — | 16 | — | — | 16 | | | | | | | |
| Beneficial | | | | | | | | | | | | | | |
| Conversion | | | | | | | | | | | | | | |
| feature on | | | | | | | | | | | | | | |
| convertible | | | | | | | | | | | | | | |
| debt | — | — | — | 5,125 | — | — | 5,125 | | | | | | | |
| Stock options | | | | | | | | | | | | | | |
| exercised | — | 1,097,370 | — | 24 | — | — | 24 | | | | | | | |
| Stock-based | | | | | | | | | | | | | | |
| compensation | | | | | | | | | | | | | | |
| expense | — | — | — | 182 | — | — | 182 | | | | | | | |
| Balance | - | | | | | | | | | | | | | |
| December 31, | | | | | | | | | | | | | | |
| 2020 | \$ — | 69,885,043 | \$ 7 | \$ 31,492 | \$ (27,627) | \$ — | \$ 3,872 | | | | | | | |
| Net income | — | — | — | — | 18,092 | — | 18,092 | | | | | | | |
| Business | | | | | | | | | | | | | | |
| Combination, | | | | | | | | | | | | | | |
| net of | | | | | | | | | | | | | | |
| redemptions | | | | | | | | | | | | | | |
| and | | | | | | | | | | | | | | |
| transaction | | | | | | | | | | | | | | |
| costs of | | | | | | | | | | | | | | |
| \$47,888 | — | 63,039,829 | 6 | 394,587 | — | — | 394,593 | | | | | | | |
| Beneficial | | | | | | | | | | | | | | |
| Conversion | | | | | | | | | | | | | | |
| feature on | | | | | | | | | | | | | | |
| convertible | | | | | | | | | | | | | | |
| debt | — | — | — | 4,875 | — | — | 4,875 | | | | | | | |

| | | | | | | | | | | | | | | | |
|---|------|-------------|-------|------------|------------|---------|------------|-------------|-------|------------|------------|------|------------|---------|--|
| Redemption of | | | | | | | | | | | | | | | |
| Series A-1 | | | | | | | | | | | | | | | |
| redeemable | | | | | | | | | | | | | | | |
| preferred | | | | | | | | | | | | | | | |
| stock* | — | (1,065,432) | — | (6,041) | — | — | — | (6,041) | | | | | | | |
| Issuance of | | | | | | | | | | | | | | | |
| Series B | | | | | | | | | | | | | | | |
| redeemable | | | | | | | | | | | | | | | |
| preferred stock | | | | | | | | | | | | | | | |
| net of | | | | | | | | | | | | | | | |
| issuance costs | | | | | | | | | | | | | | | |
| of \$4,511 and | | | | | | | | | | | | | | | |
| settlement of | | | | | | | | | | | | | | | |
| associated | | | | | | | | | | | | | | | |
| convertible | | | | | | | | | | | | | | | |
| preferred stock | | | | | | | | | | | | | | | |
| liability* | — | 27,930,997 | 3 | 140,436 | — | — | — | 140,439 | | | | | | | |
| Warrants | | | | | | | | | | | | | | | |
| exercised | — | 6,606,621 | 1 | 14 | — | — | — | 15 | | | | | | | |
| Stock options | | | | | | | | | | | | | | | |
| exercised | — | 1,160,930 | — | 106 | — | — | — | 106 | | | | | | | |
| Stock-based | | | | | | | | | | | | | | | |
| compensation | | | | | | | | | | | | | | | |
| expense | — | — | — | 2,714 | — | — | — | 2,714 | | | | | | | |
| Balance - | | | | | | | | | | | | | | | |
| December 31, | | | | | | | | | | | | | | | |
| 2021 | \$ — | 167,557,988 | \$ 17 | \$ 568,183 | \$ (9,535) | \$ — | \$ 558,665 | 167,557,988 | \$ 17 | \$ 568,183 | \$ (9,535) | \$ — | \$ 558,665 | | |
| Net loss | — | — | — | — | (9,555) | — | (9,555) | — | — | — | (9,555) | — | — | (9,555) | |
| Withholding of | | | | | | | | | | | | | | | |
| Employee taxes related to stock-based compensation | — | — | — | (58) | — | — | (58) | | | | | | | | |
| Shares issued for the vesting of restricted stock units | — | 20,672 | — | — | — | — | — | | | | | | | | |
| Withholding of employee taxes related to stock-based compensation | | | | | | | | | | | | | | | |
| Shares of common stock issued for vested RSUs | | | | | | | | 20,672 | | | | | | | |
| Stock options exercised | — | 8,428,524 | 1 | 818 | — | — | 819 | 8,428,524 | 1 | 818 | — | — | — | — | |
| Transaction costs | — | — | — | (12) | — | — | (12) | | | | | | | | |
| Transaction fees | | | | | | | | | | | | | | | |
| Unrealized loss on marketable securities | — | — | — | — | — | (3,159) | (3,159) | — | — | — | — | — | (3,159) | (3,159) | |

| | | | | | | | | | | | | | |
|---|-------------|-------------|------------|-------------|-------------|------------|------------|-------------|-------|------------|-------------|------------|------------|
| Stock-based compensation expense | — | — | — | 8,672 | — | — | — | 8,672 | — | — | — | — | 8,672 |
| Balance | — | — | — | — | — | — | — | — | — | — | — | — | — |
| December 31, 2022 | \$ — | 176,007,184 | \$ 18 | \$ 577,603 | \$ (19,090) | \$ (3,159) | \$ 555,372 | 176,007,184 | \$ 18 | \$ 577,603 | \$ (19,090) | \$ (3,159) | \$ 555,372 |
| Net loss | — | — | — | — | — | — | — | — | — | — | (65,549) | — | (65,549) |
| Withholding of employee taxes related to stock-based compensation | — | — | — | — | — | — | — | (112) | — | — | — | — | — |
| Shares of common stock issued under ESPP | 287,224 | — | — | 434 | — | — | — | — | — | — | — | — | — |
| Shares of common stock issued for vested RSUs | 226,201 | — | — | — | — | — | — | — | — | — | — | — | — |
| Stock options exercised | 2,490,275 | — | — | 220 | — | — | — | — | — | — | — | — | — |
| Transaction fees | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Unrealized gain on marketable securities | — | — | — | — | — | — | — | — | — | — | 2,600 | — | 2,600 |
| Stock-based compensation expense | — | — | — | 10,370 | — | — | — | — | — | — | — | — | 10,370 |
| Balance | — | — | — | — | — | — | — | — | — | — | — | — | — |
| December 31, 2023 | 179,010,884 | \$ 18 | \$ 588,515 | \$ (84,639) | \$ (559) | \$ 503,372 | — | — | — | — | — | — | — |

*

All outstanding shares of Legacy Solid Power's preferred stock were exchanged for shares of Solid Power common stock at the closing of the business combination

See accompanying Notes to Consolidated Financial Statements.

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Solid Power, Inc. Financial Statements

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REFINITIV 

(in thousands, except par value, share amounts, and per share amounts)

Consolidated Statements of Cash Flows

| | For the Years Ended December 31, | | | For the Years Ended December 31, | |
|--|----------------------------------|-----------|-------------|----------------------------------|------------|
| | 2022 | 2021 | 2020 | 2023 | 2022 |
| Cash Flows from Operating Activities | | | | | |
| Net income (loss) | \$ (9,555) | \$ 18,092 | \$ (14,375) | \$ (65,549) | \$ (9,555) |
| Adjustments to reconcile net income (loss) to net cash and cash equivalents from operating activities: | | | | | |
| Net loss | | | | \$ (65,549) | \$ (9,555) |
| Adjustments to reconcile net loss to net cash and cash equivalents from operating activities: | | | | | |
| Depreciation and amortization | 5,176 | 2,360 | 2,067 | 11,962 | 5,176 |
| Amortization of right-of-use assets | 745 | — | — | 768 | 745 |
| Loss on sale of property, plant and equipment | 11 | 11 | 7 | — | 11 |
| (Gain) on extinguishment of debt | — | — | (923) | — | — |
| Stock compensation expense | 8,672 | 2,714 | 182 | — | 8,672 |
| Stock warrant issuance | — | — | 16 | — | — |
| Loss on sale of property, plant, and equipment | | | | — | 11 |
| Stock-based compensation expense | | | | 10,370 | 8,672 |
| Deferred taxes | (227) | (25) | 118 | — | (227) |
| Change in fair value of warrant liabilities | (40,903) | (51,233) | — | (4,890) | (40,903) |
| Accretion of discounts on other long-term liabilities | | | | | |
| Amortization of premiums and accretion of discounts on marketable securities | (3,118) | — | — | (10,975) | (3,118) |
| Accrued interest on convertible notes payable to be paid in kind | — | 263 | 165 | — | — |
| Non-cash interest expense on convertible notes payable | — | — | 437 | — | — |
| Loss from change in fair value of embedded derivative liability | — | 2,680 | 2,817 | — | — |
| Change in operating assets and liabilities that provided (used) cash and cash equivalents: | | | | | |
| Contract receivable | (1,012) | (552) | (248) | — | — |
| Due from related party | — | — | 244 | — | — |
| Contract receivables | | | | | |
| Contract receivables from related parties | | | | (31) | (692) |
| Prepaid expenses and other assets | 2,687 | (3,865) | 23 | (1,510) | 2,687 |
| Accounts payable | (94) | 778 | (120) | — | — |
| Accounts payable and other accrued liabilities | | | | | |
| Deferred revenue | 3,550 | 462 | (421) | (50) | (450) |
| Accrued and other liabilities | 645 | 2,801 | 77 | — | — |
| Operating lease liability | (401) | — | — | — | — |
| Deferred rent | — | 74 | (61) | — | — |
| Deferred revenue from related parties | | | | | |
| Accrued compensation | | | | 3,058 | 1,658 |
| Operating and finance lease liabilities, short-term | | | | | |
| Net cash and cash equivalents used in operating activities | (33,824) | (25,440) | (9,995) | (58,261) | (33,824) |
| Cash Flows from Investing Activities | | | | | |
| Purchases of property, plant and equipment | (58,296) | (12,617) | (1,020) | (34,512) | (58,296) |
| Purchases of marketable securities and long-term investments | (561,565) | (75,885) | — | (327,591) | (561,565) |
| Proceeds from sales of marketable securities | 190,374 | — | — | 405,161 | 190,374 |
| Purchases of intangible assets | (498) | (381) | (40) | (556) | (498) |
| Net cash and cash equivalents used in investing activities | (429,985) | (88,883) | (1,060) | — | — |
| Net cash and cash equivalents provided by (used in) investing activities | | | | | |
| | | | | 42,502 | (429,985) |
| Cash Flows from Financing Activities | | | | | |
| Proceeds from debt | — | 960 | 923 | — | — |
| Payments of debt | (121) | (3,557) | (676) | (7) | (121) |

| | | | | | |
|---|------------|----------------|--------------|------------|------------|
| Proceeds from issuance of convertible note payable | — | 4,875 | 5,125 | | |
| Proceeds from exercise of common stock options | 818 | 106 | 23 | | |
| Proceeds from exercise of common stock warrants | — | 15 | — | | |
| Proceeds from issuance of Series B preferred stock | — | 135,579 | — | | |
| Preferred stock issuance costs | — | (4,511) | — | | |
| Redemption of preferred stock | — | (6,041) | — | | |
| Proceeds from exercise of stock options | | | 220 | 818 | |
| Proceeds from issuance of shares of common stock under ESPP | | | 434 | — | |
| Cash paid for withholding of employee taxes related to stock-based compensation | (58) | — | — | (112) | (58) |
| Payments on finance lease liability | (142) | — | — | | |
| Business Combination, net of transaction costs | — | 495,370 | — | | |
| Payments on finance lease liabilities | | | (362) | (142) | |
| Transaction costs | (12) | — | — | — | (12) |
| Net cash and cash equivalents provided by financing activities | 485 | 622,796 | 5,395 | 173 | 485 |
| Net (decrease) increase in cash and cash equivalents | (463,324) | 508,473 | (5,660) | | |
| Net decrease in cash and cash equivalents | | | | (15,586) | (463,324) |
| Cash and cash equivalents at beginning of period | 513,447 | 4,974 | 10,634 | 50,123 | 513,447 |
| Cash and cash equivalents at end of period | 50,123 | 513,447 | 4,974 | 34,537 | 50,123 |
| Supplemental information | | | | | |
| Cash paid for interest | \$ 42 | \$ 144 | \$ 351 | \$ 84 | \$ 42 |
| Accrued capital expenditures | \$ 7,561 | \$ — | \$ — | \$ 814 | \$ 7,561 |
| Net assets acquired in Business Combination | \$ — | \$ (100,697) | \$ — | | |
| Gain on extinguishment of PPP loan | \$ — | \$ — | \$ (923) | | |

See accompanying Notes to Consolidated Financial Statements.

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Notes to Consolidated Financial Statements

Note 1 – Nature of Business

Solid Power Inc. (the "Company") is developing solid state solid-state battery technology to enable the next generation of batteries for the fast-growing EV and other markets. The Company's planned business model is to sell its sulfide-based solid electrolyte and to license its solid-state cell designs and manufacturing processes. For the years ended December 31, 2022, 2021, December 31, 2023 and 2020, 2022, the Company has not derived material revenue from its principal business activities.

On December 8, 2021 (the "Closing Date"), the Company (f/k/a Decarbonization Plus Acquisition Corporation III ("DCRC")) consummated its previously announced business combination pursuant to the Business Combination Agreement and Plan of Reorganization, dated June 15, 2021 (as amended, the "Business Combination Agreement"), among the Company, DCRC Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of DCRC ("Merger Sub"), and Solid Power Operating, Inc., a Colorado corporation (f/k/a Solid Power, Inc., "Legacy Solid Power"). Pursuant to the terms of the Business Combination Agreement, Merger Sub merged with and into Legacy Solid Power, with Legacy Solid Power surviving the merger as a wholly owned subsidiary of the Company (the "Merger" and, together with the other transactions contemplated by the Business Combination Agreement, the "Business Combination").

Note 2 – Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The Consolidated Financial Statements of the Company have been prepared on the basis of generally accepted accounting principles in the United States ("GAAP"). GAAP. The preparation of Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the Consolidated Financial Statements. Actual results could differ from those estimates. All amounts presented in the footnotes are in thousands, except share and per share amounts.

Pursuant to the Business Combination Agreement, the merger between Merger Sub and Legacy Solid Power was accounted for as a reverse recapitalization in accordance with GAAP (the "Reverse Recapitalization"). Under this method of accounting, DCRC was treated as the "acquired" company and Legacy Solid Power is treated as the acquirer for financial reporting purposes.

Accordingly, for accounting purposes, the Reverse Recapitalization was treated as the equivalent of Legacy Solid Power issuing stock for the net assets of DCRC, accompanied by a recapitalization. The net assets of DCRC are stated at historical cost, with no goodwill or other intangible assets recorded.

The consolidated assets, liabilities, and results of operations prior to the Reverse Recapitalization are those of Legacy Solid Power. The shares and corresponding capital amounts and losses per share, prior to the Business Combination, have been retroactively restated based on the Exchange Ratio (defined below).

The Consolidated Financial Statements include accounts of the Company and its wholly owned subsidiary, Solid Power Operating, Inc. subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The accompanying Consolidated Financial Statements have been prepared assuming that the Company will continue as a going concern.

Segment Reporting

The Company's Chief Operating Decision Maker ("CODM") CODM is its Chief Executive Officer. The Company has determined that it operates in one operating segment and one reportable segment, as the CODM reviews financial information presented as a single entity for purposes of making operating decisions, allocating resources, and evaluating financial performance.

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Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingencies at the date of the financial statements as well as reported amounts of revenues and expenses during the reporting periods. Estimates made by the Company include, but are not limited to, those related to the valuation of common stock prior to the Business Combination, valuation of stock warrants, and useful lives of long-term assets, among others. The Company bases these estimates on historical experience and other assumptions that it believes are reasonable under the circumstances.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. As of December 31, 2022 December 31, 2023 and periodically throughout the year, the Company's cash accounts exceeded federally insured limits.

Marketable Securities

The Company's investment policy is consistent with the definition of available-for-sale securities. The Company does not buy and hold securities principally for the purpose of selling them in the near future. The Company's policy is focused on the preservation of capital, liquidity, and return. From time to time, the Company may sell certain securities, but the objectives are not to generate profits on short-term differences in price.

These securities are carried at estimated fair value with unrealized holding gains and losses included in other comprehensive loss income (loss) in stockholders' deficit until realized. Gains and losses on marketable security transactions are reported on the specific-identification method. Dividend and interest income are recognized when earned.

[Table of Contents](#)**Contract Receivables**

Contract receivables consist of amounts due from government entities and commercial contractors. Management considers all contract receivables collectible, and therefore, an allowance for doubtful accounts has not been recorded as of December 31, 2022 December 31, 2023 and 2021, 2022. Included within contract receivables are amounts for work performed but not billed as of December 31, 2022 December 31, 2023 and 2021, 2022, shown below.

| | December 31, 2022 | December 31, 2021 | December 31, 2023 | December 31, 2022 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| Contract receivables not billed | \$ 1,083 | \$ 310 | \$ 302 | \$ 1,083 |

Credit Risk and Major Customers

Financial instruments that potentially subject the Company to credit risk consist principally of cash and cash equivalents, marketable securities, and long-term investments. The Company seeks to mitigate its credit risk with respect to cash and cash equivalents, marketable securities, and long-term investments by making deposits with several large, reputable financial institutions and investing in high credit rated instruments.

The Company grants credit in the normal course of business to government entities and commercial contractors in the United States. The Company periodically performs credit analyses and monitors the financial condition of its customers to reduce credit risk. The Company performs ongoing credit evaluations of its customers, risk, but generally does not require collateral to support contract receivables.

| | For the Years Ended December 31, | | | For the Years Ended December 31, | |
|--|----------------------------------|------|------|----------------------------------|------|
| | 2022 | 2021 | 2020 | 2023 | 2022 |
| Revenue Concentration | | | | | |
| Number of Customers | 4 | 4 | 3 | 2 | 4 |
| Related Total Revenue Percentage | 82 % | 87 % | 81 % | 89 % | 82 % |
| Contract Receivable Concentration | | | | | |
| Number of Customers | 2 | 2 | 1 | 3 | 2 |
| Related Contract Receivables Percentage | 40 % | 58 % | 18 % | 97 % | 40 % |

[Table of Contents](#)**Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets consist primarily of security deposits, prepaid Directors and Officers insurance, and other minor miscellaneous expenses paid in advance.

Property and Equipment

Property and equipment are recorded at cost. The Company capitalizes property and equipment with useful lives exceeding one year. Assets are depreciated over their estimated useful lives. The straight-line method is used for computing depreciation and amortization. depreciation. Depreciation and

amortization expenses are recorded within the Direct costs and Research and development line items in the Consolidated Statements of Operations. Cost of maintenance and repairs are charged to expense when incurred. Construction in progress related to specialized equipment will be reclassified as Property and equipment and depreciated, once placed in service.

| | Depreciable Life - Years |
|----------------------------------|------------------------------------|
| Commercial production equipment | 5 years |
| Laboratory equipment | 5 years |
| Furniture and Computer Equipment | 3-7 years |
| Leasehold improvements | Lesser of asset life or lease term |

Long-Term Investments

The Company considers all investments with an original maturity of twelve months or more when purchased to be long-term investments.

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Intangible Assets

Intangible assets consist of licenses and costs incurred for pending patents and pending trademarks. Licenses consist of rights to use patents and are amortized over their estimated useful life of three to 20 years. Patent and trademark costs are amortized over an estimated useful life upon award by the United States Patent and Trademark Office or expensed if the Company is unsuccessful in securing an issued patent. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested at least annually for impairment if events or circumstances indicate an impairment may have occurred at least annually.

Deferred Rent

Prior to the adoption of ASU No. 2016-02, Leases (Topic 842) on January 1, 2022, the Company had entered into operating lease agreements for each of its two facilities, each of which contain provisions for future rent increases or periods in which rent payments are reduced. The Company records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid is credited or charged to deferred rent, which is reflected in Other Long-term Liabilities in the accompanying Consolidated Balance Sheets. Deferred rent also includes the unamortized portion of landlord-financed tenant improvement allowances, which are amortized on a straight-line basis over the lease term as a reduction in rent expense.

Leases

The Company accounts for its leases under ASU No. 2016-02, Leases (Topic 842). Under this guidance, the Company classifies contracts meeting the definition of a lease as operating or financing leases, and leases are recorded on the condensed consolidated balance sheet as both a right-of-use asset and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company's incremental borrowing rate. Lease liabilities are increased by interest and reduced by payments each period, and the right-of-use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line rent expense over the lease term. For finance leases, interest on the lease liability and the amortization of the right-of-use asset results in front-loaded expense over the lease term. Variable lease expenses, including common maintenance fees, insurance and property tax, are recorded when incurred.

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In calculating the right-of-use asset and lease liability, the Company elects to combine lease and non-lease components for all classes of assets. The Company excludes short-term leases having initial terms of 12 months or less as an accounting policy election, and instead recognizes rent expense on a straight-line basis over the lease term.

Stock-based Compensation

The Company recognizes expenses for employee services received in exchange for stock-based compensation based on the grant date fair value of the awards. The determination of the estimated fair value of stock-based payment awards on the date of grant is calculated using the Black-Scholes option-pricing model and is affected by the Company's stock price, as well as assumptions regarding risk-free rate, dividend yield, and the historical volatility of comparable entities. Stock-based compensation is recorded as an expense only for those awards that are expected to vest. Compensation cost is recognized on a straight-line basis over the requisite vesting service period and is allocated ratably within Operating Expenses in the Consolidated Statements of Operations.

Revenue

The Company records the elements of its joint development agreements that represent joint operating activities JDAs in accordance with Accounting Standards Codification (ASC) ASC Topic 808, Collaborative Arrangements. Accordingly, the elements of the joint development agreements JDAs that represent activities in which both parties are active participants and to which both parties are exposed to the significant risks and rewards that are dependent on the commercial success of the activities are recorded as collaborative arrangements. The Company considers the guidance in ASC 606-10-15, Revenue from Contracts with Customers – Scope and Scope Exceptions, in determining the appropriate treatment for the transactions between the Company and its partners and the transactions between the Company and third parties. Generally, the classification of transactions under the joint development agreements JDAs is determined based on the nature and contractual terms of the arrangement along with the nature of the operations of the participants. The Company recognizes collaborative revenue from cost contracts on the basis of costs incurred during the period and for cost plus fixed-fee contracts on the basis of costs incurred during the period plus the fee earned. Contract costs include all direct labor, subcontract, material, and indirect costs related to the contract performance that are allowable under contract provisions.

Unbilled receivables are included in contract receivables and represent revenue recognized for which billings have not yet been presented to customers.

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Deferred revenue represents billings in advance of revenue recognized. Deferred revenue as of December 31, 2022 and 2021 was \$4,050 and \$500, respectively.

| | December 31, 2023 | December 31, 2022 |
|---------------------------------------|-------------------|-------------------|
| Deferred revenue | \$ 1 | \$ 50 |
| Deferred revenue from related parties | \$ 828 | \$ 4,000 |

The beneficial conversion feature (the "BCF") of a convertible note is normally characterized as the convertible portion or feature of certain notes payable that provide a rate of conversion that is below market value or in-the-money when issued. For convertible debt where the rate of conversion is below market value, the Company records a BCF and related debt discount. When Legacy Solid Power recorded a BCF, the intrinsic value of the BCF was recorded in equity to Additional paid-in capital and the difference between the debt proceeds and the BCF was a debt discount against the face amount of the respective debt instrument and amortized to interest expense over the life of the debt. A separate embedded derivative was recognized as a derivative liability that was subsequently adjusted to fair value at each Consolidated Balance Sheet date.

Embedded derivatives that are required to be bifurcated from the underlying debt instrument (i.e., host) are accounted for and valued as separate financial instruments. Legacy Solid Power evaluated the terms and features of its 2020 convertible promissory notes (as defined below) and identified embedded derivatives requiring bifurcation and accounting at fair value, using the valuation techniques mentioned in the Fair Value Measurements section of this Note, because the economic and contractual characteristics of the embedded derivatives met the criteria for bifurcation and separate accounting due to the instruments containing mandatory redemption features that were not clearly and closely related to the debt host instrument.

Warrant Liabilities

The Company accounts for warrants as liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in ASC 480 and ASC 815. Warrants recorded as liabilities are recorded at their fair value, within Warrant Liabilities on the Consolidated Balance Sheets and are remeasured on each reporting date with changes recorded in Change in fair value of warrant liabilities on the Company's Consolidated Statements of Operations.

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Fair Value Measurements

The Company applies fair value accounting for selected financial assets and liabilities measured on a recurring and nonrecurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. The accounting guidance ASC Topic 820 Fair Value Measurement established a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, used to determine the fair value of its financial instruments. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Level 1 – inputs include quoted market prices in an active market for identical assets or liabilities.

Level 2 – inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data.

Level 3 – inputs are unobservable and corroborated by little or no market data.

Research and Development

Research Our research and development expenditures activities focus on making improvements to our electrolyte and cell technology with the ultimate goal of approximately \$38,592, \$17,102 and \$9,594 in 2022, 2021 and 2020, respectively, were charged to expense as incurred. commercializing technology that outperforms conventional lithium-ion.

| | December 31, 2023 | December 31, 2022 |
|---------------------------------------|-------------------|-------------------|
| Research and development expenditures | \$ 54,749 | \$ 38,592 |

Income Taxes

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the Consolidated Financial Statements or tax returns. Deferred tax liabilities and assets are determined based on the differences between the Consolidated Financial Statements and tax basis of assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. The measurement of deferred tax assets is reduced, if necessary, by the amount of any uncertain tax positions or tax benefits that are not expected to be realized based on available evidence. The Company records deferred tax assets and associated valuation allowances, when appropriate, to reflect amounts more likely than not to be realized based upon Company analysis. The Company's temporary differences result primarily from capitalization of certain qualifying research and development expenses, accruals and reserves, depreciation of property and equipment, stock compensation expense, capitalization of operating or financing leases, and net operating loss carryovers.

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The Company accounts for any uncertainty in income taxes by recognizing the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits recognized in the Consolidated Financial Statements from such a position based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate resolution. Interest and penalties associated with tax positions are recorded in the period assessed as General and administrative on the Consolidated Statement of Operations. No interest or penalties have been assessed during the years ended December 31, 2022, December 31, 2023 and 2020, 2022.

Net Earnings (Loss) Loss per Share of Common Stock

Basic net earnings (loss) loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings loss per share adjusts basic earnings loss per share for the potentially dilutive impact of stock options and warrants. The Company reported a net loss in 2022, 2023 and 2020, 2022. As such, all potentially dilutive securities, including options and warrants, are antidilutive and, accordingly, basic net loss per share equals diluted loss per share. As the Company reported net income in 2021, diluted earnings per share reflected any dilutive effect of stock options and warrants.

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[Table of Contents](#)**Mezzanine Equity**

In accordance with ASC 480, Legacy Solid Power's Series A-1 Preferred Stock and Series B Preferred Stock (collectively, "Preferred Stock") prior to the Business Combination were classified as mezzanine equity as the Preferred Stock included redemption features that were not solely within control of Legacy Solid Power.

Immediately prior to the consummation of the Business Combination, 14,069,187 shares of Legacy Solid Power Series A-1 Preferred Stock and 8,777,812 shares of Legacy Solid Power Series B Preferred Stock, which represented all of the then-outstanding shares of Preferred Stock, converted to Legacy Solid Power common stock on a one-to-one basis. At the Closing (as defined below), all shares of Legacy Solid Power common stock were exchanged for shares of Solid Power Common Stock based on the Exchange Ratio.

Recent Accounting Pronouncements**Leases**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), followed by other related ASUs that provided targeted improvements and additional practical expedient options. On January 1, 2022, the Company adopted the standards under Topic 842 using the modified retrospective method and elected a number of the practical expedients in its implementation of Topic 842. The key change that affected the Company relates to accounting for operating leases for which it is the lessee that were historically off-balance sheet. The impact of adopting the standards resulted in the recognition of a right-of-use asset of \$7,853 and lease liability of \$8,246 on the Company's condensed consolidated balance sheet on January 1, 2022, exclusive of previously recognized lease balances. The implementation of Topic 842 did not have a material effect on the Company's condensed consolidated statement of operations or condensed consolidated statement of cash flows for the year ended December 31, 2022.

Financial Instruments

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This guidance introduces a new model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses. ASU 2016-13 also provides updated guidance regarding the impairment of available-for-sale debt securities and includes additional disclosure requirements. The Company adopted this guidance as of January 1, 2022.

The Company regularly reviews its available-for-sale marketable securities and evaluates the current expected credit losses by considering factors such as any changes in credit ratings, historical experience, market data, issuer-specific factors, and current economic conditions. Based on this analysis,

an allowance for credit losses is recorded as a reduction to the carrying value of the asset. To date, management has not recorded an allowance for credit losses.

The Company reviews its receivable aging on an individual customer level, considering collectability of cash flows based on the risk of past events, current conditions, and forward-looking information. The Company establishes allowances for bad debts equal to the estimable portions of accounts receivable for which failure to collect is expected to occur. Allowances for doubtful accounts are recorded as reductions to the carrying values of the related receivables. To date, the Company has not recorded an allowance for doubtful accounts.

Income taxes

In December 2019, 2023, the FASB issued ASU No. 2019-12, 2023-09 Income Taxes (Topic 740) Improvements to Income Tax Disclosures. ASU 2023-09 requires companies to disclose, on an annual basis, specific categories in the effective tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. In addition, ASU 2023-09 requires companies to disclose additional information about income taxes paid. ASU 2023-09 will be effective for annual periods beginning January 1, 2025 and will be applied on a prospective basis with the option to apply the standard retrospectively. We are evaluating the disclosure impact of ASU 2023-09.

Segment Reporting

In November 2023, the FASB issued ASU No. 2023-07 Segment Reporting (Topic 280): Simplifying the Accounting for Income Taxes ("ASU 2019-12"), which aims improvements to reduce complexity in accounting standards by improving certain areas of GAAP without compromising information. Reportable Segment Disclosures. Among other new disclosure requirements, ASC 2023-07 requires companies to disclose significant segment expenses that are regularly provided to users of financial statements. ASU 2019-12 is 2023-07 will be effective for public entities for fiscal years annual periods beginning after December 15, 2020, on January 1, 2024 and interim periods within those fiscal years. For beginning on January 1, 2025. ASU 2023-07 must be applied retrospectively to all other entities, the standard is effective for fiscal years beginning after December 15, 2021, and interim prior periods within fiscal years beginning after December 15, 2022. The Company adopted this guidance beginning January 1, 2022 with no financial statement impact at adoption.

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Note 3 – Business Combination

Legacy Solid Power was deemed the accounting acquirer presented in the Business Combination based on financial statements. We are evaluating the analysis disclosure impact of the criteria outlined in ASC 805. Accordingly, for accounting purposes, the Business Combination was treated as the equivalent of Legacy Solid Power issuing stock for the net assets of DCRC, accompanied by a recapitalization. The net assets of DCRC are stated at historical cost, with no goodwill or other intangible assets recorded. ASU 2023-07.

Because Legacy Solid Power was deemed the accounting acquirer, the historical Consolidated Financial Statements of Legacy Solid Power became the historical Consolidated Financial Statements of the combined company. As a result, the Consolidated Financial Statements included in this report reflect (i) the historical operating results of Legacy Solid Power prior to the Business Combination; (ii) the combined results of the Company and Legacy Solid Power following the closing of the Business Combination ("Closing"); (iii) the assets and liabilities of Legacy Solid Power at their historical cost; and (iv) the Company's equity structure for all periods presented as discussed below.

In accordance with guidance applicable to the Business Combination, the equity structure has been restated in all comparative periods up to the Closing Date, to reflect the number of shares of the Company's Common Stock, \$0.0001 par value per share issued to Legacy Solid Power's stockholders in connection with the Business Combination. As such, the shares and corresponding capital amounts and earnings per share related to Legacy Solid Power redeemable convertible preferred stock and common stock prior to the Business Combination have been retroactively restated to reflect the Exchange Ratio. Activity within the Consolidated Statements of Stockholders' Equity for the issuances and repurchases of Legacy Solid Power's redeemable convertible stock were also retroactively converted to Legacy Solid Power common stock.

In connection with the Closing, and subject to the terms and conditions of the Business Combination Agreement, each outstanding share of Legacy Solid Power's common stock (including shares of Legacy Solid Power common stock issued upon the conversion of each share of Legacy Solid Power's Preferred Stock immediately prior to the Closing) was canceled and converted into the right to receive the number of shares of the Company's Common

Stock (as defined below) based on an Exchange Ratio equal to approximately 3.182 (the "Exchange Ratio"), and each outstanding Legacy Solid Power option issued under Legacy Solid Power's 2014 Equity Incentive Plan (the "2014 Plan") was converted into a Company option based on the Exchange Ratio applicable to shares of Legacy Solid Power common stock, each in accordance with the terms of the Business Combination Agreement. At the Closing, the Company issued an aggregate of 104,518,159 shares of Common Stock to the equity-holders of Legacy Solid Power and the Legacy Solid Power option-holders' held options in the Company to receive an aggregate 34,407,949 shares of Common Stock, subject to payment of the applicable exercise price and, in certain circumstances, vesting obligations.

Furthermore, in connection with the Business Combination, (i) all shares of DCRC's Class A common stock prior to the Business Combination were re-designated as "Common Stock, par value \$0.0001 per share" of the Company ("Common Stock") and (ii) all 40,000 shares of DCRC's Class B common stock were converted, on a one-for-one basis, into an equivalent number of shares of the Company's Common Stock. On the Closing Date, a number of purchasers, purchased from DCRC an aggregate of 19,500,000 shares of the Company's Common Stock, for a purchase price of \$10.00 per share and an aggregate purchase price of \$195,000 (the "PIPE Financing"), pursuant to separate subscription agreements (each, a "Subscription Agreement") entered into on June 15, 2021 or October 27, 2021.

Prior to the Closing, DCRC had \$1,500 outstanding under working capital loans from Decarbonization Plus Acquisition Sponsor III LLC (the "Sponsor"), which, in connection with the Closing, the Sponsor elected to convert into warrants to purchase 1,000,000 shares of Common Stock at a price of \$1.50 per share, which are included in the 7,666,667 Private Placement Warrants (as defined below).

Pursuant to the Business Combination Agreement, the Merger was accounted for as a Reverse Recapitalization in accordance with GAAP. Under this method of accounting, DCRC was treated as the "acquired" company and Legacy Solid Power is treated as the acquirer for financial reporting purposes.

The following table reconciles the elements of the Business Combination to the Consolidated Statements of Cash Flows and the Consolidated Statements of Stockholders' Equity for the year ended December 31, 2021:

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| | Recapitalization |
|--|-------------------|
| Cash – DCRC trust and cash, net of redemptions | \$ 347,914 |
| Cash – PIPE Financing | 195,000 |
| Cash – Sponsor Funds | 264 |
| Non-cash net assets acquired from DCRC | (100,697) |
| Less: transaction costs and advisory fees for Legacy Solid Power allocated to equity | (5,991) |
| Less: transaction costs and advisory fees for DCRC | (41,897) |
| Net Business Combination | <u>\$ 394,593</u> |
| Add: non-cash net assets acquired from DCRC | 100,697 |
| Add: accrued transaction costs and advisory fees | 80 |
| Net cash contributions from Business Combination | <u>\$ 495,370</u> |

Non-cash net assets acquired from DCRC include the fair value of acquired Common Stock warrants of (\$101,253).

The following table sets forth the number of shares of Common Stock outstanding immediately following the consummation of the Business Combination:

| | Number of Shares |
|---|------------------|
| DCRC Class A common stock outstanding prior to Business Combination | 43,710,000 |
| DCRC Class B common stock outstanding prior to Business Combination | 40,000 |

| | |
|--|--------------------|
| Less: redemption of DCRC Class A common stock | (210,171) |
| Shares of Common Stock issued in PIPE Financing | 19,500,000 |
| Shares of Common Stock issued to Legacy Solid Power stockholders | 104,518,159 |
| Total shares of Common Stock outstanding immediately after Business Combination | 167,557,988 |

Note 43 – Property, Plant and Equipment

Property, plant and equipment at December 31 are summarized as follows:

| | 2022 | 2021 | 2023 | 2022 |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Commercial production equipment | \$ 21,595 | \$ 9,139 | \$ 36,086 | \$ 21,595 |
| Laboratory equipment | 3,278 | 1,316 | 9,910 | 3,278 |
| Leasehold improvements | 27,996 | 4,674 | 59,109 | 27,996 |
| Furniture and computer equipment | 1,482 | 737 | 3,915 | 1,482 |
| Construction in progress | 40,036 | 12,684 | 13,650 | 40,036 |
| Total cost | 94,387 | 28,550 | 122,670 | 94,387 |
| Accumulated depreciation | (11,626) | (6,468) | (23,514) | (11,626) |
| Net property and equipment | \$ 82,761 | \$ 22,082 | \$ 99,156 | \$ 82,761 |

Depreciation expenses are allocated ratably across operating expenses on the accompanying Consolidated Statements of Operations.

Depreciation expenses for dedicated laboratory equipment and commercial production equipment are charged to research and development; other depreciation expenses are included in the Company's overhead and are allocated across operating expenses on the accompanying Consolidated Statements of Operations based on Company personnel costs incurred.

| | December 31, | | | |
|----------------------|--------------|----------|----------|-----------|
| | 2022 | | 2020 | |
| | 2022 | 2021 | 2020 | 2023 |
| Depreciation expense | \$ 5,167 | \$ 2,351 | \$ 2,066 | \$ 11,947 |
| | | | | \$ 5,167 |

In 2022, the Company expanded its cell production capabilities through the construction of a second dry room and installation of a second cell pilot production line at its Louisville, Colorado facility, which is designed to produce larger format solid-state battery cells for the automotive qualification process.

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The In 2023, the Company is expanding expanded its electrolyte production to a second location in Thornton, Colorado. Scaling this production will allow it to produce larger quantities of electrolyte material required to feed cell-production lines and continue research and development efforts. The Company expects to begin began producing electrolyte from this facility in 2023.

| | December 31, 2022 | December 31, 2021 | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|-------------------|-------------------|
| Construction in progress | | | | |
| Louisville, Colorado – 2 nd cell pilot line | \$ 2,010 | \$ 6,875 | | |
| Louisville, Colorado – Other capital projects | 2,206 | — | | |
| Thornton, Colorado – Increased scale electrolyte production | 35,820 | 943 | | |
| SP1 – 2 nd cell pilot line | | | \$ 773 | \$ 2,010 |

| | | |
|--|--------|--------|
| SP1 – Other capital projects | 1,525 | 2,206 |
| SP2 – Increased scale electrolyte production | 11,352 | 35,820 |

Note 54 – Intangible Assets

Intangible assets of the Company at December 31 are summarized as follows:

| | 2022 | | 2021 | | 2023 | | 2022 | |
|--|-----------------|----------------|----------------|----------------|-----------------|----------------|-----------------|----------------|
| | Gross Carrying | Accumulated | Gross Carrying | Accumulated | Gross Carrying | Accumulated | Gross Carrying | Accumulated |
| | Amount | Amortization | Amount | Amortization | Amount | Amortization | Amount | Amortization |
| Intangible assets: | | | | | | | | |
| Licenses | \$ 149 | \$ (51) | \$ 149 | \$ (42) | \$ 149 | \$ (61) | \$ 149 | \$ (51) |
| Patents | | | | | 92 | (5) | — | — |
| Patents pending | 984 | — | 503 | — | 1,444 | — | 984 | — |
| Trademarks and trademarks pending | 26 | — | 9 | — | | | | |
| Trademarks | | | | | 13 | — | 9 | — |
| Trademarks pending | | | | | 18 | — | 17 | — |
| Total amortized intangible assets | \$ 1,159 | \$ (51) | \$ 661 | \$ (42) | \$ 1,716 | \$ (66) | \$ 1,159 | \$ (51) |

Amortization expense for intangible assets totaled \$9 for the years ended December 31, 2022, 2021 and 2020, at December 31 are summarized as follows:

| | 2023 | 2022 |
|----------------------|-------|------|
| Amortization expense | \$ 15 | \$ 9 |

Useful lives of intangible assets range from three to 20 years. Amortization expenses are allocated ratably across operating expenses on the accompanying condensed consolidated statements of operations.

Note 6 – Long-term Debt

Long-term debt at December 31 is as follows:

| | 2022 | 2021 |
|--|-------------|--------------|
| Various equipment notes payable to banks in monthly installments ranging from \$1 to \$2, including interest at 6.25 percent to 12.18 percent maturing from April 2022 through April 2023. The notes are collateralized by the financed equipment. | \$ 7 | \$ 130 |
| Total | 7 | 130 |
| Less current portion | 7 | 120 |
| Long-term portion | \$ — | \$ 10 |

The remaining balance of debt is all short-term. The Company anticipates paying off the remaining balance in the subsequent year.

Note Payable

On December 7, 2021, prior to the Closing, the Company used available cash to pay off the outstanding balance and remaining fees of a note payable to a commercial bank. The Company was in compliance with all financial covenants through the loan payoff on December 7, 2021.

Interest expense on long-term debt for the years ended December 31, 2022, 2021 and 2020 was \$6, \$131 and \$196, respectively.

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Note 7 – Convertible Notes Payable

2020 Convertible Promissory Notes

On December 10, 2020 and December 18, 2020, the Company issued unsecured convertible promissory notes to investors in the total principal amount of \$5,125, and on February 4, 2021, and March 1, 2021, the Company issued additional unsecured convertible promissory notes to investors in the total principal amount of \$4,875, as part of a single financing (collectively, the "2020 Notes"). The 2020 Notes accrued interest at eight percent per annum. The 2020 Notes were converted into 1,007,965 shares of Legacy Solid Power Series B Preferred Stock on May 5, 2021, in conjunction with the closing of the Legacy Solid Power Series B Preferred Stock ("Series B Financing"). The outstanding balance on the 2020 Notes, including accrued interest, was \$10,228 when the 2020 Notes were converted to Legacy Solid Power Series B Preferred Stock. Interest expense for 2021 was \$210 for the 2020 Notes. The principal of the 2020 Notes was included in Additional paid-in capital and the fair value of the embedded derivative was recorded as a liability on the Legacy Solid Power's Consolidated Balance Sheet. The fair value of the embedded derivative was \$5,497. This balance was transferred, along with the accrued interest, to mezzanine equity upon conversion of the 2020 Notes to Series B Preferred Stock in conjunction with the Series B Financing.

2020 Convertible Promissory Notes Embedded Derivative

The 2020 Notes contained the following embedded derivatives: (i) a share settled redemption upon Qualified Financing; (ii) share settled redemption upon De-SPAC and; (iii) share settled redemption at maturity.

Embedded derivatives are separated from the host contract and carried at fair value when: (a) the embedded derivative possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract; and (b) a separate, stand-alone instrument with the same terms would qualify as a derivative instrument. The Company has concluded that certain embedded derivatives within the 2020 Notes meet these criteria and, as such, must be valued separate and apart from the 2020 convertible promissory notes as one embedded derivative and recorded at fair value each reporting period.

2019 Convertible Promissory Notes

On December 4, 2019, the Company issued an unsecured convertible promissory note to an investor in the principal amount of \$3,000 (the "2019 Note," and together with the 2020 Notes, the "Convertible Promissory Notes"). The 2019 Note accrued interest at 5 percent per annum. The 2019 Note converted into 254,899 shares of Legacy Solid Power Series B Preferred Stock, in conjunction with the Series B Financing. Upon this conversion, the 2019 Note converted to Series B Preferred Stock at a 30 percent discount. Interest expense incurred for the year ended December 31, 2020 was \$150. Prior to conversion, interest expense incurred for the year ended December 31, 2020 was \$53.

For all debt instruments, including any for which the Company has elected fair value accounting, the Company classifies interest that has been accrued during each period as Interest expense on the Consolidated Statements of Operations.

Note 85 – Fair Value Measurements

The Company considers all highly liquid instruments with original maturities of less than 90 days to be cash equivalents. As of December 31, 2022 December 31, 2023, there were no long-term marketable securities.

The carrying amounts of certain financial instruments, such as cash equivalents, short-term investments, accounts receivable, accounts payable, and accrued liabilities, approximate fair value due to their relatively short maturities.

The fair value of debt instruments for which the Company has not elected fair value accounting is based on the present value of expected future cash flows and assumptions about the then-current market interest rates as of the reporting period and the creditworthiness of the Company. The book values of the Company's long-term debt approximate fair value because interest rates charged are similar to other financial instruments with similar terms and maturities and the rates vary in accordance with a market index. Most of the Company's debt is carried on the Consolidated Balance Sheets on a historical cost basis net of unamortized discounts and premiums because the Company has not elected the fair value option of accounting. Changes to the inputs used in these valuation models can have a significant impact on the estimated fair value of the Convertible Promissory Notes and the Company's embedded derivatives.

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Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

As discussed in Note 7, all Convertible Promissory Notes were converted to Legacy Solid Power Series B Preferred Stock in May 2021. As of December 31, 2022 and 2021, At December 31, the Company's financial assets and liabilities measured and recorded at fair value on a recurring basis were classified within the fair value hierarchy as follows:

| | December 31, 2022 | | | | December 31, 2023 | | | |
|----------------------------|-------------------|----------|---------|------------|-------------------|----------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | | | | | |
| Commercial Paper | \$ 165,179 | \$ — | \$ — | \$ 165,179 | \$ 84,909 | \$ — | \$ — | \$ 84,909 |
| Corporate Bonds | \$ 227,957 | \$ — | \$ — | \$ 227,957 | \$ 239,473 | \$ — | \$ — | \$ 239,473 |
| Government Bonds | \$ 42,865 | \$ — | \$ — | \$ 42,865 | \$ 56,689 | \$ — | \$ — | \$ 56,689 |
| U.S. Treasuries | 9,930 | — | — | 9,930 | | | | |
| Liabilities | | | | | | | | |
| Public Warrants | \$ 4,900 | \$ — | \$ — | \$ 4,900 | \$ 2,505 | \$ — | \$ — | \$ 2,505 |
| Private Warrants | \$ — | \$ 4,217 | \$ — | \$ 4,217 | | | | |
| Private Placement Warrants | | | | | \$ — | \$ 1,722 | \$ — | \$ 1,722 |

| | December 31, 2021 | | | |
|--------------------|-------------------|-----------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Commercial Paper | \$ 33,275 | \$ — | \$ — | \$ 33,275 |
| Corporate Bonds | \$ 39,593 | \$ — | \$ — | \$ 39,593 |
| Government Bonds | \$ 3,017 | \$ — | \$ — | \$ 3,017 |
| Liabilities | | | | |
| Public Warrants | \$ 26,483 | \$ — | \$ — | \$ 26,483 |
| Private Warrants | \$ — | \$ 23,537 | \$ — | \$ 23,537 |

| | December 31, 2022 | | | |
|----------------------------|-------------------|----------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Commercial Paper | \$ 165,179 | \$ — | \$ — | \$ 165,179 |
| Corporate Bonds | \$ 227,957 | \$ — | \$ — | \$ 227,957 |
| Government Bonds | \$ 42,865 | \$ — | \$ — | \$ 42,865 |
| U.S. Treasuries | 9,930 | — | — | 9,930 |
| Liabilities | | | | |
| Public Warrants | \$ 4,900 | \$ — | \$ — | \$ 4,900 |
| Private Placement Warrants | \$ — | \$ 4,217 | \$ — | \$ 4,217 |

The change in fair value of the Company's marketable securities is included in Other Comprehensive loss, other comprehensive income (loss). There were no transfers in and out of Level 3 fair value hierarchy during the years ended December 31, 2022 December 31, 2023 and 2021. For the year ended December 31, 2022 the Company purchased \$561,565 of marketable securities.

Fair Value Methodology

| | Year Ended December 31, | |
|--|-------------------------|------|
| | 2023 | 2022 |
| | | |

| | | |
|---|------------|------------|
| Marketable securities and long-term investments purchased | \$ 327,591 | \$ 561,565 |
|---|------------|------------|

2020 Notes Embedded Derivative

The fair value of the 2020 Notes was estimated using the present value of probability weighted scenario analysis, considering the as-converted value and the downside protection. The embedded derivative is valued using a "with-and-without method," where the value of the 2020 Notes, including the embedded derivative, is defined as the "with", and the value of the 2020 Notes, excluding the embedded derivative, is defined as the "without." This method estimates the value of the embedded derivative by comparing the difference in the values between the 2020 Notes with the embedded derivative and the value of the 2020 Notes, without the embedded derivative. The probability weighted scenario analysis requires the following inputs: (i) probability of qualified financing, maturity, and other contingent scenarios; (ii) equity value; (iii) conversion price; (iv) maturity date; (v) risk-free interest rate; and (vi) estimated volatility. The changes during the twelve months ended December 31, 2021 in the fair values of the embedded derivatives are primarily related to the change in the value of the conversion features and are reflected in the Consolidated Statements of Operations as "Loss from change in fair value of embedded derivative liability." The embedded derivative liability was settled as of December 31, 2021.

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Fair Value of Debt - 2019 Note

The 2019 Note was converted to Legacy Solid Power Series B Preferred Stock in May 2021. At December 31, 2020, the contractual outstanding principal of the 2019 Note was \$3,000, and the fair value was \$3,612. The fair value was estimated using the present value of probability weighted scenario analysis, considering the as-converted value and the downside protection. The probability weighted scenario analysis requires the following inputs: (i) probability of qualified financing, maturity and other contingent scenarios; (ii) equity value; (iii) conversion price; (iv) maturity date; (v) risk-free interest rate; and (vi) estimated volatility.

Fair Value of Common Stock Warrant Liabilities Warrants

The fair value of the Private Placement **Warrant Liabilities Warrants** have been estimated using a Black-Scholes model as of **the Closing Date December 31, 2023** and subsequently as of the December 31, 2022 and 2021 **2022 Consolidated Balance Sheet** dates. The fair value of the Public **Warrants (defined below)** has been measured based on the quoted price of such warrants on the Nasdaq Stock Market, a Level 1 input. The estimated fair value of the Private Placement Warrants **(defined below)** is determined using Level 2 **directly or indirectly observable** inputs. Inherent in a Black-Scholes model are assumptions related to expected stock-price volatility, expected life, risk-free interest rate, and dividend yield. Material increases (or decreases) in any of those inputs may result in a significantly higher (or lower) fair value measurement. The Company estimates the volatility of its Private Placement Warrants based on implied volatility from the Company's Public Warrants and from historical volatility of select peer **company's companies' common stock** that matches the expected remaining life of the **warrants Warrants**. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve for a maturity similar to the expected remaining life of the **warrants Warrants**. The expected life of the **warrants** is assumed to be equivalent to their remaining contractual term. **Warrants**. The dividend yield is based on the historical rate, which the Company anticipates remaining at zero. The fair value of the Public Warrants has been measured based on the quoted price of such warrants on the Nasdaq Stock Market, a Level 1 input.

The following table provides quantitative information regarding Level 2 inputs used in the recurring valuation of the Private Placement Warrants as of their measurement dates:

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| | December 31, 2022 | December 31, 2021 | December 31, 2023 | December 31, 2022 |
|----------------|-------------------|-------------------|-------------------|-------------------|
| Exercise Price | \$ 11.50 | \$ 11.50 | | |

| | | | | |
|----------------|---------|---------|----------|----------|
| Stock Price | \$ 2.54 | \$ 8.74 | \$ 11.50 | \$ 11.50 |
| Exercise price | | | \$ 11.45 | \$ 11.45 |
| Stock price | | | \$ 1.45 | \$ 2.54 |
| Volatility | 71.3 % | 48.9 % | 95.0 % | 71.3 % |
| Term | 3.94 | 4.94 | | |
| Term (years) | | | 2.94 | 3.94 |
| Risk-free rate | 4.03 % | 1.24 % | 3.94 % | 4.03 % |

The following table provides a reconciliation of the Public Warrants measured at fair value using Level 1 directly observable inputs and Private Placement Warrants measured at fair value using Level 2 directly or indirectly observable inputs:

| | Public Warrants | Private Warrants | Public Warrants | Private Placement Warrants |
|----------------------|--------------------|--------------------|--------------------|----------------------------|
| | Level 1 Fair Value | Level 2 Fair Value | Level 1 Fair Value | Level 2 Fair Value |
| December 31, 2021 | \$ 2.27 | \$ 3.07 | | |
| December 31, 2022 | | | \$ 0.42 | \$ 0.55 |
| Change in fair value | \$ (1.85) | \$ (2.52) | \$ (0.23) | \$ (0.27) |
| December 31, 2022 | \$ 0.42 | \$ 0.55 | | |
| December 31, 2023 | | | \$ 0.19 | \$ 0.28 |

The following table provides a reconciliation of the change in fair value for the Public and Private Placement Warrants for the years ended December 31, 2022 and 2021, at December 31.

| Warrant | December 31, Change in Fair December 31, | | | | | | Twelve Months Change in | | | |
|----------------------------|--|------------|-----------|-------------|----------|------|-------------------------|----------|-------------------|------------|
| | Class | Level | Shares | 2021 | Value | 2022 | Level | Warrants | December 31, 2022 | Fair Value |
| | | | | | | | | | | |
| Public Warrants | 1 | 11,666,636 | \$ 26,483 | \$ (21,583) | \$ 4,900 | 1 | 13,182,501 | \$ 4,900 | \$ (2,395) | \$ 2,505 |
| Private Warrants | 2 | 7,666,667 | \$ 23,537 | \$ (19,320) | \$ 4,217 | | | | | |
| Private Placement Warrants | | | | | | 2 | 6,150,802 | \$ 4,217 | \$ (2,495) | \$ 1,722 |
| Total | | 19,333,303 | \$ 50,020 | \$ (40,903) | \$ 9,117 | | 19,333,303 | \$ 9,117 | \$ (4,890) | \$ 4,227 |

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Note 9 – Common Stock Warrant 6 – Warrant Liabilities

As

The table below provides a summary of December 31, 2022 the outstanding Public and December 31, 2021, there were 11,666,636 publicly traded warrants ("Public Warrants") and 7,666,667 private placement warrants ("Private Placement Warrants" and together with the Public Warrants, "Warrants") outstanding, at December 31:

| | 2023 | 2022 |
|----------------------------|------------|------------|
| Public Warrants | 13,182,501 | 11,666,636 |
| Private Placement Warrants | 6,150,802 | 7,666,667 |

Each whole Warrant entitles the holder thereof to purchase one share of **Common Stock** common stock at a price of \$11.50 per share, subject to customary adjustments. Only whole Warrants are exercisable. The Warrants became exercisable on January 7, 2022 and will expire on December 8, 2026.

Redemption of Public Warrants when the price per share of **Common Stock common stock equals or exceeds \$18.00.**

The Company may redeem all of the outstanding Public Warrants:

- in whole and not in part;
- upon at least 30 days' prior written notice;
- at a price of \$0.01 per Public Warrant; and

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- if the last sale price of the Company's Common Stock equals or exceeds \$18.00 per share, subject to customary adjustments, for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which notice of the redemption is given.

Redemption of Public Warrants when the price per share of **Common Stock common stock equals or exceeds \$10.00.**

The Company may redeem all of the outstanding Public Warrants:

- in whole and not in part;
- upon at least 30 days' prior written notice;
- at a price of \$0.10 per Public Warrant, provided that holders will be able to exercise their Warrants on a cashless basis prior to redemption and receive a number of shares of **Common Stock** the Company's common stock determined in part by the redemption date and the "fair market value" of the **Common Stock**; common stock; and
- if the last sale price of the Company's **Common Stock** common stock equals or exceeds \$10.00 per share, subject to customary adjustments, on the trading day prior to the date on which notice of redemption is given.

The "fair market value" of the Company's **Common Stock** common stock means the average reported last sale price of the Company's **Common Stock** common stock for the ten trading days immediately following the date on which the notice of redemption is sent to the holders of Warrants. The Company classifies the outstanding Warrants as Warrant Liabilities on the condensed consolidated balance sheets in accordance with the guidance contained in ASC 815.

None of the Private Placement Warrants are redeemable by the Company so long as they are held by the initial purchasers of the Private Placement Warrants or their permitted transferees.

| | December 31, | |
|-----------------------------------|--------------|----------|
| | 2023 | 2022 |
| Fair value of warrant liabilities | \$ 4,227 | \$ 9,117 |

The **Warrant Liabilities** were initially measured at fair value upon Closing of table below provides the **Business Combination** for \$101,253 and subsequently re-measured on December 31, 2021 and December 31, 2022 for \$50,020 and \$9,117, respectively. The Public Warrants were allocated a portion of the proceeds from the issuance of the units of common stock and one-third warrants in DCRC's initial public offering equal to their fair value. The

Company's recognized gain/loss recognized in connection with the changes in the fair value of warrant liabilities of \$40,903 and \$51,233 as of December 31, 2022 and 2021, respectively.

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Note 10 – Mezzanine Equity at December 31:

In accordance with ASC 480, Legacy Solid Power's Preferred Stock prior to the Business Combination was classified as mezzanine equity. Immediately prior to the Closing, Legacy Solid Power had 14,069,187 shares of Series A-1 Preferred Stock outstanding and 8,777,812 shares of Series B Preferred Stock outstanding. Legacy Solid Power issued the Series B Preferred Stock in May 2021 in exchange for \$135,579 of cash and the conversion of the 2019 Note and the 2020 Notes.

| | December 31, | |
|---|--------------|-----------|
| | 2023 | 2022 |
| Gain recognized associated with warrant liabilities | \$ 4,890 | \$ 40,903 |

Prior to the Business Combination, the Preferred Stock had a redemption feature, at the option of the holders of a majority of the outstanding Preferred Stock, any time after April 30, 2031. The Preferred Stock was redeemable for the greater of its original issue price, plus all declared but unpaid dividends thereon, or fair value. Since the Preferred Stock had redemption provisions that were not solely within control of Legacy Solid Power, the Preferred Stock was classified prior to the Business Combination as mezzanine equity on Legacy Solid Power's balance sheets.

Immediately prior to the Business Combination, 14,069,187 shares of Series A-1 Preferred Stock and 8,777,812 shares of Series B Preferred Stock were converted to the equivalent number of shares of Legacy Solid Power common stock. At the Closing, those shares of Legacy Solid Power common stock were exchanged for Common Stock in accordance with the Exchange Ratio.

Note 117 – Stockholders' Equity

Common Stock

Stock options exercised for Common Stock common stock, stock issued under the ESPP, and shares of common stock issued upon vesting of RSUs for the years ended December 31, 2023 and 2022 are summarized in the table below:

| | December 31, | | | Year Ended December 31, | |
|---|--------------|-----------|-----------|-------------------------|-----------|
| | 2022 | 2021 | 2020 | 2023 | 2022 |
| Stock options exercised | 8,428,524 | 1,160,930 | 1,097,370 | 2,490,275 | 8,428,524 |
| Shares of common stock issued under ESPP | | | | 287,224 | — |
| Shares of common stock issued for vested RSUs | | | | 226,201 | 20,672 |

Legacy Solid Power Warrants

During 2015, Legacy Solid Power issued warrants to a third party to purchase 276,000 shares of Legacy Solid Power common stock at an exercise price of \$0.00001088 per share, in conjunction with a licensing agreement. Management determined that equity classification is appropriate for these warrants. Legacy Solid Power recognized expense totaling \$18 on the date of the grant that has been included as a component of Additional Paid In Capital within the consolidated statement of stockholders' equity. During 2020, Legacy Solid Power issued additional warrants to purchase 45,730 shares of common stock at an exercise price of \$0.53 per share. Legacy Solid Power recognized expense totaling \$16 on the date of the grant.

In May 2021, Legacy Solid Power issued warrants to purchase 1,755,557 shares of Legacy Solid Power common stock at an exercise price of \$0.01 per share, in connection with the Series B Financing. These warrants were detachable from the Legacy Solid Power Series B Preferred Stock and in all cases would physically settle or net share settle. Therefore, Legacy Solid Power determined that these warrants represented equity in Legacy Solid Power. Prior to the Closing, all Legacy Solid Power warrants were either exercised for cash or net exercised and the holders thereof received shares of Legacy Solid Power common stock.

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The table below presents the cash received associated with common stock related activities at December 31.

| | Year Ended December 31, | |
|---|-------------------------|--------|
| | 2023 | 2022 |
| Cash received from stock options exercised | \$ 220 | \$ 818 |
| Cash received from shares of common stock issued under ESPP | 434 | — |

Note 128 – Stock Based Stock-Based Compensation

2014 Equity Incentive Plan and 2021 Equity Incentive Plan

Options granted under the 2014 Plan generally had a ten-year term and vest as to 1/4th of these shares after one year after the initial date of service of a service provider and with the balance of the shares vesting in a series of 36 successive equal monthly installments following the first vesting date. Option awards under the 2014 Plan were generally granted with an exercise price equal to the fair market value of Legacy Solid Power's Power Operating, Inc.'s common stock at the date of grant. Certain option awards issued under the 2014 Plan provide for accelerated vesting if there is a change in control (as defined in the plan agreements).

On December 8, 2021 and in connection with the Closing, the Company adopted the Solid Power, Inc. 2021 Equity Incentive Plan (the "2021 Plan"). The 2021 Plan originated with 18,900,000 shares of Common Stock available for issuance. Beginning on January 1, 2022, the number of shares of common stock available for issuance under the 2021 Plan shall increase each year by an amount equal to the lesser of (i) 18,900,000 shares of Common Stock (ii) five percent of the total number of shares of common stock outstanding on the last day of the immediately preceding fiscal year; or (iii) a number of shares of common stock determined by the administrator no later than the last day of the immediately preceding fiscal year. Awards may be issued in the form of stock options, stock appreciation rights, restricted stock, and restricted stock units. The Company believes that such awards better align the interests of its employees with those of its stockholders.

Options granted under the 2021 Plan generally during 2022 have a ten-year term and vest as to 1/4th of these shares per year beginning one year after the initial date of service of a service provider. Options granted under the 2021 Plan during 2023 have a ten-year term and vest as to 1/4th of the shares one year after the initial date of service of a service provider then 6.25% per quarter thereafter. Option awards under the 2021 Plan were generally granted with an exercise price equal to the fair market value of the Company's common stock at the date of grant. Certain option awards issued under the 2021 Plan provide for accelerated vesting if there is a change in control (as defined in the plan agreements).

Effective April 1, 2022, the Company began granting RSUs in accordance with the terms of the 2021 Plan. The grant date fair value of RSUs awarded are determined based on the Company's closing common share price on the NASDAQ on the trading day preceding the grant date. RSU awards for employees granted during 2022 generally vest 25% per year commencing on the first anniversary of the grant date. RSU awards for employees granted during 2023 generally vest 25% on the first anniversary of the grant date then 6.25% per quarter thereafter. RSU awards upon initial service as a director vest in 12 equal quarterly installments. For initial service grants, vested RSUs are settled in common stock upon the earlier of the director no longer serving on the board of directors or the date the RSU has fully vested. Annual RSU awards to directors generally fully vest on the one-year anniversary of the grant date. Upon vesting, granted RSUs entitle the grantee to receive one share of common stock of the Company at no additional cost. Holders of unvested RSUs do not have voting or dividend rights.

At December 31, 2022 December 31, 2023 and 2021 2022, the Company had 24,766,176 24,264,016 and 34,407,949 24,766,176 shares of common stock underlying stock options outstanding under the 2014 Plan, respectively. Upon the Closing, No additional grants under the 2014 Plan was terminated and no additional grants were made are permitted.

Beginning on January 1, 2022, the number of shares of common stock available for issuance under the 2014 Plan.

2021 Plan shall increase by an amount equal to the lesser of (i) 18,900,000 shares of common stock, (ii) five percent (5%) of the total number of shares of common stock outstanding on the last day of the immediately preceding fiscal year, or (iii) a number of shares of common stock determined by the administrator no later than the last day of the immediately preceding fiscal year. On January 1, 2022, the number of shares of common stock available for issuance under the 2021 Plan increased by 8,377,899 shares of common stock. As of December 31, 2022 December 31, 2023, the 2021 Plan permitted the Company to grant up to 24,466,527 21,711,885 shares of common stock to its employees, directors, and consultants, as designated by the board of directors. As of December 31, 2023, the Company had 22,048,584 shares of common stock underlying options awards and RSU awards outstanding under the 2021 Plan, respectively.

| | December 31, 2022 | December 31, 2021 |
|---------------------------------------|-------------------|-------------------|
| Year Ended December 31, | | |
| | 2023 | 2022 |
| Option awards granted under 2021 Plan | 1,730,564 | — |
| RSU awards granted under 2021 Plan | 1,292,429 | — |
| | | |
| Option awards granted under 2021 Plan | 5,176,889 | 1,730,564 |
| RSU awards granted under 2021 Plan | 4,663,079 | 1,292,429 |

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Compensation Expense for Stock Based Stock-Based Compensation

The fair value of stock options and RSUs issued to employees and directors is recognized as compensation expense over the period of service that generally coincides with the vesting period of the award. When calculating the amount of annual compensation expense, the Company has elected not to estimate forfeitures and instead accounts for forfeitures as they occur.

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For the years ended December 31, 2022, 2021 December 31, 2023 and 2020 2022, the Company recognized compensation costs totaling:

| | December 31, | | | Year Ended December 31, | |
|--|--------------|-----------|--------|-------------------------|----------|
| | 2022 | 2021 | 2020 | 2023 | 2022 |
| Equity-based compensation costs related to RSUs | \$ 1,567 | \$ — | \$ — | \$ 3,427 | \$ 1,567 |
| Equity-based compensation costs related to stock options | 7,076 | 2,714 | 182 | 6,774 | 7,076 |
| Equity-based compensation costs related to ESPP | 29 | — | — | 169 | 29 |
| Total equity-based compensation costs | \$ 8,672 | \$ 2,714 | \$ 182 | \$ 10,370 | \$ 8,672 |
| Future compensation costs related to unvested options | \$ 19,322 | \$ 23,307 | \$ 593 | | |

| | | |
|--|--------|--------|
| Unrecognized future compensation cost as of: | 23,922 | 25,531 |
|--|--------|--------|

The fair value of stock options and other equity-based compensation issued to employees is recognized as compensation expense over the period of service that generally coincides with the vesting period of the award. The Company allocated compensation ratably across Operating Expenses within the following financial statement lines:

| | December 31, | | | Year Ended December 31, | |
|--------------------------------------|--------------|----------|--------|-------------------------|----------|
| | 2022 | 2021 | 2020 | 2023 | 2022 |
| Direct Costs | \$ 1,580 | \$ 332 | \$ 22 | \$ 3,751 | \$ 1,580 |
| Research and Development | 4,474 | 1,698 | 115 | 4,826 | 4,474 |
| Sales and Marketing | 493 | 308 | 23 | | |
| General and Administrative | 2,125 | 376 | 22 | | |
| Selling, general and administrative | | | | 1,793 | 2,618 |
| Total equity-based compensation cost | \$ 8,672 | \$ 2,714 | \$ 182 | \$ 10,370 | \$ 8,672 |

Stock Options

The fair value for purposes of determining the compensation cost of each option award is estimated on the date of grant using a Black-Scholes option valuation model that uses the weighted-average assumptions noted in the following table. Expected volatilities are based on historical volatility of comparable companies. The Company uses historical data to estimate option exercise and employee termination within the valuation model. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The fair value of each option grant during the years ended December 31, 2022, 2021 December 31, 2023 and 2020 2022 was estimated on the grant date using the Black-Scholes option pricing model with the following weighted-average assumptions used:

| | 2022 | 2021 | 2020 | | |
|---|----------|-----------|---------|----------|----------|
| | 2.84 % | 1.04 % | 1.29 % | 2023 | 2022 |
| Approximate risk-free rate | | | | 4.17 % | 2.84 % |
| Approximate risk-free rate | | | | | |
| Volatility | 44.69 % | 41.45 % | 43.92 % | 46.91 % | 44.69 % |
| Average expected life (years) | 6 years | 6 years | 6 years | 6 years | 6 years |
| Dividend yield | 0 % | 0 % | 0 % | 0 % | 0 % |
| Weighted-average grant date fair value | \$ 7.26 | \$ 5.10 | \$ 0.84 | | |
| Estimated fair value of total options granted | \$ 5,659 | \$ 25,353 | \$ 246 | | |
| Weighted-average grant date fair value | | | | \$ 2.80 | \$ 7.26 |
| Estimated fair value of total stock options granted | | | | \$ 7,815 | \$ 5,659 |

When calculating the amount of annual compensation expense, the Company has elected not to estimate forfeitures and instead accounts for forfeitures as they occur.

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A summary of option activity under the 2014 Plan and 2021 Plan for the years ended December 31, 2022, 2021 December 31, 2023 and 2020 2022 is presented below:

| Weighted-average | Weighted-average |
|------------------|------------------|
|------------------|------------------|

| Options | Number of Shares | Weighted-average Exercise Price | Remaining Contractual Term (in years) | | Number of Shares | Weighted-average Exercise Price | Remaining Contractual Term (in years) |
|----------------------------------|-------------------|---------------------------------|---------------------------------------|------|-------------------|---------------------------------|---------------------------------------|
| | | | 7.06 | 6.53 | | | |
| Outstanding at January 1, 2020 | 23,020,981 | \$ 0.06 | | | | | |
| Granted | 1,719,754 | \$ 0.16 | | | | | |
| Exercised | (1,097,370) | \$ 0.02 | | | | | |
| Forfeited or expired | (167,381) | \$ 0.15 | | | | | |
| Outstanding at December 31, 2020 | <u>23,475,984</u> | \$ 0.06 | | 6.53 | | | |
| Outstanding at January 1, 2021 | 23,475,984 | \$ 0.06 | | 6.53 | | | |
| Granted | 12,285,359 | \$ 5.10 | | | | | |
| Exercised | (1,160,930) | \$ 0.09 | | | | | |
| Forfeited or expired | (192,464) | \$ 0.84 | | | | | |
| Outstanding at December 31, 2021 | <u>34,407,949</u> | \$ 1.86 | | 6.98 | | | |
| Outstanding at January 1, 2022 | 34,407,949 | \$ 1.86 | | 6.98 | 34,407,949 | \$ 1.86 | 6.98 |
| Granted | 1,730,564 | \$ 7.19 | | | 1,730,564 | \$ 7.19 | |
| Exercised | (8,428,524) | \$ 0.10 | | | (8,428,524) | \$ 0.10 | |
| Forfeited or expired | (1,711,817) | \$ 4.64 | | | (1,711,817) | \$ 4.64 | |
| Outstanding at December 31, 2022 | <u>25,998,172</u> | \$ 2.60 | | 6.31 | <u>25,998,172</u> | \$ 2.60 | 6.31 |
| Exercisable at December 31, 2020 | 18,023,695 | \$ 0.04 | | 5.96 | | | |
| Exercisable at December 31, 2021 | 19,603,474 | \$ 0.05 | | 5.21 | | | |
| Outstanding at January 1, 2023 | | | | | 25,998,172 | \$ 2.60 | 6.31 |
| Granted | | | | | 5,176,889 | \$ 2.75 | |
| Exercised | | | | | (2,490,275) | \$ 0.09 | |
| Forfeited or expired | | | | | (4,420,770) | \$ 3.38 | |
| Outstanding at December 31, 2023 | | | | | <u>24,264,016</u> | \$ 2.53 | 7.03 |
| Exercisable at December 31, 2022 | 18,202,064 | \$ 1.19 | 5.14 | | 18,202,064 | \$ 1.19 | 5.14 |
| Exercisable at December 31, 2023 | | | | | 16,662,487 | \$ 1.99 | 4.87 |

Cash received from options exercised under the 2014 Plan for December 31, 2022, 2021 December 31, 2023 and 2020 2022 was \$818, \$106 \$220 and \$23, \$818, respectively. The aggregate intrinsic value of exercisable options at December 31, 2022 December 31, 2023 was \$35,058, \$14,121. The aggregate intrinsic value of exercised options at December 31, 2022 December 31, 2023 was \$63,287, \$70,115.

Restricted Stock Units

The following table summarizes non-vested RSUs at December 31, 2022 December 31, 2023 and the changes for the period ended December 31, 2022 December 31, 2023:

| | Number of Shares | Weighted-average Grant Date Fair Value | Number of Shares | Weighted-average Grant Date Fair Value |
|----------------------------------|------------------|--|------------------|--|
| Balance at January 1, 2022 | — | | | |
| Balance at December 31, 2022 | | | 1,057,980 | 7.06 |
| Granted | 1,292,429 | \$ 7.11 | 4,663,079 | 2.56 |
| Vested | (29,108) | \$ 7.26 | | |
| Vested or Exercised | | | (278,606) | 7.34 |
| Forfeited | (205,341) | \$ 7.33 | (969,437) | 3.87 |
| Outstanding at December 31, 2022 | <u>1,057,980</u> | <u>\$ 7.06</u> | | |
| Balance at December 31, 2023 | | | <u>4,473,016</u> | <u>3.30</u> |

As of December 31, 2022 unrecognized compensation costs related to restricted stock units was \$6,144 and is expected to be recognized over a weighted average period of 2.97 years. The vested RSUs had no intrinsic value as of December 31, 2022 December 31, 2023.

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2021 Employee Stock Purchase Plan ESPP

The 2021 Employee Stock Purchase Plan ("2021 ESPP") originated with 3,778,000 shares of Common Stock available for issuance. As of December 31, 2021, 3,778,000 shares remained common stock available for issuance. Beginning on January 1, 2022, the number of shares of Common Stock common stock available for issuance under the 2021 ESPP shall increase by an amount equal to the lesser of (i) 3,778,000 shares of Common Stock common stock (ii) one percent (1%) of the total number of shares of Common Stock common stock outstanding on the last day of the immediately preceding fiscal year or (iii) a number of shares of Common Stock common stock determined by the Administrator administrator no later than the last day of the immediately preceding fiscal year. On January 1, 2022, the number of shares of common stock available for issuance under the ESPP increased by 1,685,579 shares of common stock. As of December 31, 2022 5,463,579 December 31, 2023, 5,748,573 shares remained available for issuance. As of December 31, 2022 December 31, 2023, the 2021 ESPP permitted the Company to issue up to 5,463,579 5,748,573 shares of common stock.

The Company recorded \$29 of expense related to the 2021 ESPP in the year ended December 31, 2022. No shares have been purchased under the ESPP as of December 31, 2022. As of December 31, 2022, there was \$58 of unrecognized stock-based compensation expense related to the ESPP that is expected to be recognized by the end of second quarter of 2023.

The 2021 ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code. Substantially all employees are eligible to participate and, through payroll deductions, can purchase shares on dates determined by the administrator. However, with respect to the Section 423 Component, an employee may not be granted rights to purchase stock under the ESPP if the employee, immediately after the grant, would own (directly or through attribution) stock possessing 5% or more of the

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total combined voting power or value of all classes of the Company's Common Stock common stock. The purchase price per share sold pursuant to the 2021 ESPP will be the lower of (i) 85% of the fair market value of Common Stock common stock on the enrollment or (ii) 85% of the fair market value on the exercise date. Each offering period will span up to six months. Purchases may be up to 15% of qualified compensation, with an annual limit of \$25,000.

Note 139 – Earnings (Loss) Basic and Diluted Loss Per Share

The table below reconciles basic weighted average common shares outstanding to diluted weighted average shares outstanding for December 31, 2022, 2021 December 31, 2023 and 2020, 2022.

Basic earnings loss per share is based on the weighted average number of common shares outstanding for the period. Basic earnings loss per share represents net earnings or loss attributable to Common Stock common stock divided by the basic weighted average number of common shares outstanding during the period.

Diluted earnings loss per share also includes the dilutive effect of additional potential common shares issuable from stock-based awards and are determined using the treasury stock method. Diluted earnings loss per share represents net earnings loss divided by diluted weighted average number of common shares, which includes the average dilutive effect of all potentially dilutive securities that are outstanding during the period.

The unvested stock awards, warrants, and options are included in the number of shares outstanding for diluted earnings per share calculations, unless a net loss is reported, in which situation unvested stock awards, warrants, and options are excluded from the number of shares outstanding for diluted earnings per share calculations.

| | Years Ended December 31, | | |
|---|--------------------------|-------------|-------------|
| | 2022 | 2021 | 2020 |
| | \$ (9,555) | \$ 12,656 | \$ (14,375) |
| Net income (loss) attributable to common stockholders | \$ (9,555) | \$ 12,656 | \$ (14,375) |
| Weighted average shares outstanding – basic | 174,374,386 | 95,477,472 | 69,228,444 |
| Weighted average shares outstanding – diluted | 174,374,386 | 114,910,129 | 69,228,444 |
| Basic earnings (loss) per share | \$ (0.05) | \$ 0.13 | \$ (0.21) |
| Diluted earnings (loss) per share | \$ (0.05) | \$ 0.11 | \$ (0.21) |

| | Years Ended December 31, | |
|---|--------------------------|-------------|
| | 2023 | 2022 |
| | \$ (65,549) | \$ (9,555) |
| Net loss attributable to common stockholders | \$ (65,549) | \$ (9,555) |
| Weighted average shares outstanding – basic and diluted | 178,006,919 | 174,374,386 |
| Basic and diluted loss per share | \$ (0.37) | \$ (0.05) |

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Due to the net loss to common stockholders in 2022 2023 and 2020 2022 presented above, diluted loss per share was computed without consideration of potentially dilutive instruments as their inclusion would have been anti-dilutive. Warrants outstanding in 2022 and 2021 were not included in the computation of diluted earnings per share because the warrant's exercise price for the period was greater than the average market price of the common shares. As of December 31, 2022, 2021 December 31, 2023 and 2020 2022, potentially dilutive securities excluded from the diluted earnings (loss) per share calculation are as follows (in shares):

| | 2022 | 2021 | 2020 |
|---|------------|------------|------------|
| Common Stock Warrants | 19,333,303 | 19,333,303 | 1,023,745 |
| 2014 & 2021 Equity Incentive Plan - Stock Options | 26,328,279 | — | 23,476,182 |
| 2021 Equity Incentive Plan - Restricted Stock Units | 710,385 | — | — |
| 2021 Employee Stock Purchase Plan | 26,589 | — | — |
| Contingently Issuable Common Stock | 5,339 | — | — |
| Total potentially dilutive securities | 46,403,895 | 19,333,303 | 24,499,927 |

| | 2023 | 2022 |
|--|------------|------------|
| Warrants | 19,333,303 | 19,333,303 |
| 2014 Plan & 2021 Plan - Stock Options | 25,877,631 | 26,328,279 |
| 2021 Plan - RSUs | 3,477,809 | 710,385 |
| ESPP - Common Stock | 67,724 | 26,589 |
| Contingently Issued Shares of Common Stock | — | 5,399 |
| Total potentially dilutive securities | 48,756,467 | 46,403,955 |

Note 14 10 – Leases

The Company leases its **two** facilities and certain equipment. Fixed rent generally escalates each year, and the Company is responsible for a portion of the landlords' operating expenses such as property tax, insurance and common area maintenance.

The Company's facility in Louisville, Colorado is under a noncancelable operating lease with a maturity date in September 2029. In 2022, the Company amended the lease to incorporate a prior subleased space into the base lease and extend the term of the lease. The Company has the right to renew this lease for an additional five-year period.

On September 1, 2021, the Company entered into an industrial operating lease agreement for its facility in Thornton, Colorado, with the initial term through March 31, 2029. Under this operating lease, the Company has one option to renew for five years, which has been included in the calculation of lease liabilities and right-of-use assets at the adoption date of the lease accounting standard on January 1, 2022, as the exercise of the option was reasonably certain. As the renewal rent has not been negotiated, the

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Company used an estimated rent rate which approximated the fair market rent at adoption of ASC 842 on January 1, 2022 for the extension period.

The Company has certain equipment leases classified as finance leases as of **December 31, 2022** **December 31, 2023**.

The Company's leases do not have any contingent rent payments and do not contain residual value guarantees.

The components of lease expense are as follows:

| | December 31, 2022 | December 31, 2021 |
|-------------------------------------|-------------------|-------------------|
| Finance lease costs: | | |
| Amortization of right-of-use assets | \$ 92 | \$ — |
| Interest on lease liabilities | 28 | — |
| Operating lease costs | 850 | — |
| Total lease expense | \$ 970 | \$ — |

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| | December 31, 2023 | December 31, 2022 |
|-------------------------------------|-------------------|-------------------|
| Finance lease costs: | | |
| Amortization of right-of-use assets | \$ 197 | \$ 92 |
| Interest on lease liabilities | 53 | 28 |
| Operating lease costs | 1,160 | 850 |
| Total lease expense | \$ 1,410 | \$ 970 |

The components of cash flow information related to leases are as follows:

| | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Operating outgoing cash flows – finance lease | \$ 24 | \$ — |
| Financing outgoing cash flows – finance lease | 142 | — |
| Operating outgoing cash flows – operating lease | 568 | — |
| Right-of-use assets obtained in exchange for new finance lease liabilities | 1,014 | — |
| Right-of-use assets obtained in exchange for new operating lease liabilities | 8,947 | — |

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Operating outgoing cash flows – finance leases | \$ 54 | \$ 24 |
| Financing outgoing cash flows – finance leases | 308 | 142 |
| Operating outgoing cash flows – operating leases | 1,138 | 568 |
| Right-of-use assets obtained in exchange for new finance lease liabilities: | 345 | 1,014 |
| Right-of-use assets obtained in exchange for new operating lease liabilities: | — | 8,947 |

| December 31, 2022 2023 | | |
|---|-------|-------|
| Finance lease | | |
| Weighted-average remaining lease term – finance lease leases (in years) | 3.37 | 2.84 |
| Weighted-average discount rate – finance lease leases | 5.9 | 6.5 % |
| Operating lease | | |
| Weighted-average remaining lease term – operating lease leases (in years) | 10.18 | 9.22 |
| Weighted-average discount rate – operating lease leases | | 6.9 % |

As of December 31, 2022 December 31, 2023, future minimum payments during the next five years and thereafter are as follows:

| Fiscal year | Finance Lease | Operating Lease |
|--------------------------------|---------------|-----------------|
| | \$ | \$ |
| 2023 | 315 | 1,138 |
| 2024 | 315 | 1,173 |
| 2025 | 192 | 1,210 |
| 2026 | 85 | 1,248 |
| 2027 | 37 | 1,288 |
| Thereafter | 16 | 6,571 |
| Total | 960 | 12,628 |
| Less present value discount | 85 | 3,457 |
| Total lease liabilities | \$ 875 | \$ 9,171 |

| Fiscal year | Finance Lease | Operating Lease |
|--------------------------------|---------------|-----------------|
| | \$ | \$ |
| 2024 | 425 | 1,173 |
| 2025 | 310 | 1,210 |
| 2026 | 179 | 1,248 |
| 2027 | 85 | 1,288 |
| 2028 | 16 | 1,329 |
| Thereafter | - | 5,242 |
| Total | 1,015 | 11,490 |
| Less present value discount | 85 | 2,868 |
| Total lease liabilities | \$ 930 | \$ 8,622 |

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Note 15.11 – Related Party Transactions

During 2020, the Company entered into a subcontractor agreement with Roccor, LLC, which was a related party until October 30, 2020. Under the subcontractor agreement, the Company provided technical support to Roccor on a government research contract. The total value of the subcontract is \$331 to the Company. The period of performance commenced during 2020 and extended to late 2021. Related party revenue from Roccor was \$163 for the year ended December 31, 2020.

During 2022, the Company entered into a collaborative arrangement amended our JDA with BMW of North America, LLC ("BMW"). Pursuant to the terms of the agreement, the Company granted BMW provide a research and development-only license to certain of the Company's intellectual property relating to solid-state battery cell manufacturing (the "R&D License"). manufacturing. The R&D License license allows, among other things, BMW to install a solid-state solid-

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state prototype cell manufacturing line based upon the Company's proprietary information. The R&D License license is limited to BMW's research and development activities and may not be used for commercial battery cell production.

The Company and BMW also agreed We expect to negotiate a non-exclusive short-term electrolyte supply agreement for the Company to supply BMW with our electrolyte material for use in BMW's cell manufacturing, which is expected to commence in 2024 following commissioning of BMW's solid-state prototype prototype cell manufacturing line.

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Pursuant to the agreement, prior to Before BMW's installation of BMW's anticipated prototype their cell manufacturing line, the Company and BMW have agreed to undertake joint development and manufacturing activities jointly at the Company's Solid Power's facilities. Any intellectual property developed jointly by the Company and BMW at the Company's facilities will be solely owned by the Company ("Joint Onsite Foreground IP"). Solid Power. To the extent intellectual property is jointly conceived but not considered Joint Onsite Foreground IP, elsewhere, the Company and BMW will jointly own such intellectual property. Each party will solely own The intellectual property developed solely by us or BMW individually will be owned by such party. The Company and BMW Both parties will each have the right to utilize the other party's technical improvements for research and development purposes only. Subject to Solid Power, with certain limitations, the Company has the right to cause BMW to license BMW's technical improvements to the Company for commercial purposes.

In consideration of the R&D License and additional development activities contemplated by the agreement BMW will pay the Company \$20 million \$20,000 between December 2022 and June 2024, subject to the Company achieving certain milestones. For the year ended December 31, 2022 December 31, 2023, the Company has recognized \$2 million \$12,700 of revenue from BMW and recorded \$4 million \$828 of deferred revenue related to cash paid from BMW in advance of services provided.

Unrelated to For the terms under the R&D License agreement year ended December 31, 2022, the Company received \$375 recognized \$2,000 of revenue from BMW and recorded \$4,000 of deferred revenue related to cash paid from BMW in exchange for initial prototype cells, advance of services provided.

Note 1612 – Retirement Plans

The Company sponsors a 401(k) plan for all employees. The plan provides for the Company to make a discretionary matching contribution. Contributions to the plan totaled \$802, \$352 \$977 and \$226 \$802 for the years ended December 31, 2022, 2021 December 31, 2023 and 2020, 2022, respectively.

Note 1713 – Income Taxes

The Company provides deferred U.S. federal, state, or foreign income tax benefits for all of the periods presented. The Company has also provided a valuation allowance on the net deferred tax asset because of uncertainty regarding its realizability. Realization of deferred tax assets is dependent on generating sufficient taxable income prior to the expiration of loss carryforwards.

Deferred tax assets and liabilities arise primarily from net operating loss carryforwards and temporary differences arising from the amortization of intangible assets, depreciation on property and equipment, and various accrued liabilities.

Income taxes included in the Consolidated Statements of Operations for the years ended December 31, 2022, 2021 December 31, 2023 and 2020 2022 are detailed below:

| | For the Years Ended December 31, | | | For the Years Ended December 31, | |
|--|----------------------------------|---------|--------|----------------------------------|----------|
| | 2022 | 2021 | 2020 | 2023 | 2022 |
| Current income tax (benefit) expense: | | | | | |
| Federal | | | | \$ — | \$ — |
| State | | | | 2 | — |
| Deferred income tax (benefit) expense: | | | | | |
| Federal | \$ (195) | \$ (22) | \$ 96 | — | (195) |
| State | (32) | (3) | 22 | — | (32) |
| Total income tax (benefit) expense | \$ (227) | \$ (25) | \$ 118 | \$ 2 | \$ (227) |

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The tables below represent a reconciliation of the statutory federal income tax expense to income tax:

| | December 31, | | | December 31, | |
|---|--------------|----------|----------|--------------|-----------|
| | 2022 | 2021 | 2020 | 2023 | 2022 |
| Income tax expense at the federal statutory rate | 21.00 % | 21.00 % | 21.00 % | 21.00 % | 21.00 % |
| State income taxes - net of federal income tax benefits | 13.07 % | (5.97)% | 2.96 % | 1.42 % | 13.07 % |
| Permanent Differences | (3.14)% | 0.25 % | 1.08 % | (1.07)% | (3.14)% |
| Permanent Differences – Related to Convertible Debt | 0.00 % | 0.31 % | (5.04)% | | |
| Permanent Differences – Fair Value Adjustments– Warrant Liability | 66.21 % | (56.44)% | 0.00 % | 1.63 % | 66.21 % |
| Permanent Differences – Fair Value Adjustments– Marketable Securities | (5.13)% | 0.00 % | 0.00 % | — % | (5.13)% |
| Prior year provision to return | 0.03 % | (0.03)% | (0.03)% | (0.26)% | 0.03 % |
| Net change in valuation allowance | (104.28)% | 40.73 % | (20.81)% | (25.54)% | (104.28)% |
| Research and Development | 13.65 % | 0.00 % | 0.00 % | 2.62 % | 13.65 % |
| Other | 0.33 % | 0.01 % | 0.00 % | 0.20 % | 0.33 % |
| Total income tax (benefit) | 1.75 % | (0.14)% | (0.84)% | — % | 1.75 % |

For the years ended December 31, 2022, 2021 December 31, 2023 and 2020, 2022, the effective tax rate was approximately 1.75%, (0.14)% 0.00% and (0.84%) 1.75%, respectively. Differences between the statutory rate and the Company's effective tax rate resulted from changes in valuation allowance and permanent differences for tax purposes in the treatment of certain nondeductible expenses.

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities are presented below:

| | December 31, | | December 31, | |
|--|--------------|------|--------------|------|
| | 2022 | 2021 | 2023 | 2022 |
| | | | | |

| | | | | | |
|------------------------------------|-----------|-----------|-----------|-----------|--|
| Deferred tax assets: | | | | | |
| Net operating loss | \$ 17,962 | \$ 15,591 | \$ 30,534 | \$ 17,962 | |
| R&D Credit | 1,908 | — | 3,557 | 1,908 | |
| Stock compensation | 1,991 | 417 | 3,333 | 1,991 | |
| Section 174 Capitalization | 5,731 | — | 9,406 | 5,731 | |
| ROU Lease Liability | 2,459 | — | 2,332 | 2,459 | |
| MTM Market Equities | | | 125 | — | |
| Other | 748 | 49 | 1,204 | 748 | |
| Total income tax expense (benefit) | 30,799 | 16,057 | 50,491 | 30,799 | |
| Valuation allowance | (28,030) | (14,536) | (44,109) | (28,030) | |
| Net deferred tax assets: | 2,769 | 1,521 | 6,382 | 2,769 | |
| Deferred tax liabilities: | | | | | |
| Intangibles (non-goodwill) | \$ (1) | \$ — | \$ (1) | \$ (1) | |
| Property and equipment | (652) | (1,747) | (797) | (652) | |
| Accretion | | | (3,351) | — | |
| ROU Asset | (2,116) | — | (2,233) | (2,116) | |
| Total deferred tax liabilities | (2,769) | (1,747) | (6,382) | (2,769) | |
| Total net deferred tax liability | \$ — | \$ (226) | \$ — | \$ — | |

The ultimate realization of deferred tax assets is dependent upon the existence, or generation, of taxable income in the periods when those temporary differences and net operating loss carryovers are deductible. Management considers the scheduled reversal of deferred tax liabilities, taxes paid in carryover years, projected future taxable income, available tax planning strategies, and other factors in making this assessment. Based on available evidence, management does not believe it is more likely than not that all of the deferred tax assets will be realized. Accordingly, the Company has established a valuation allowance equal to the net realizable deferred tax assets. The valuation allowance increased by \$13,494 \$16,079 in 2022 2023.

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At December 31, 2022, 2021 December 31, 2023 and 2020, 2022, the Company had total domestic Federal net operating loss carryovers of approximately \$73,367, \$63,391 \$129,729 and \$29,836, \$73,367, respectively. Federal net operating losses generated on or prior to December 31, 2017 expire in 2037. Federal net operating losses generated on or after January 1, 2018 have an indefinite carryforward and are only available to offset 80% taxable income beginning in 2021. The determination of state net operating loss carryforwards is dependent upon apportionment percentages and state laws that can change from year to year and that can thereby impact the amount of such carryforwards. The majority of the state net operating losses have an indefinite carryforward.

Accounting for uncertainty in income taxes is based on a recognition threshold and measurement attribute for the Consolidated Financial Statements recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company recognizes in its Consolidated Financial Statements only those tax positions that are more-likely-than-not to be sustained as of the adoption date, based on the technical merits of the position. Each year the Company performs a comprehensive review of its material tax positions. The Company's policy is to recognize interest and penalties related to uncertain tax benefits in income tax expense.

As the Company had no uncertain tax benefits before the year ending December 31, 2022 December 31, 2023, there is no accrual of interest or penalties related to uncertain tax positions.

The following table summarizes the Company's unrecognized tax benefits:

| | December 31, 2022 | December 31, 2023 |
|--|-------------------|-------------------|
| Balance, beginning of year | \$ — | \$ 636 |
| Gross increases related to prior period tax position | — | 212 |

| | | |
|--|---------------|-----------------|
| Gross increases related to current period tax position | 636 | 338 |
| Gross decreases related to prior period tax position | — | — |
| Balance, end of year | <u>\$ 636</u> | <u>\$ 1,186</u> |

Included in the balance of unrecognized tax benefits at December 31, 2022, December 31, 2023 are potential benefits of \$636 \$1,186 that if recognized would affect the effective tax rate.

The 2018 2019 through 2021 2022 tax years remain open to examination by the Internal Revenue Service and, with few exceptions, various other state tax agencies. These taxing authorities have the authority to examine those tax years until the applicable statutes of limitations expire.

Note 1814 – Contingencies

In the normal course of business, the Company may be party to litigation from time to time. The Company maintains insurance to cover certain actions and believes that resolution of such litigation will not have a material adverse effect on the Company. DCRC.

Note 15 – Subsequent Events

Agreements with SK On

On January 10, 2024, the predecessor Company entered into several agreements with SK On to include the R&D License Agreement, the Electrolyte Supply Agreement, and the Line Installation Agreement.

The R&D License Agreement granted SK On a research and development license of the Company's intellectual property related to cell designs and manufacturing processes allowing for the installation and operation of the SK On Line. The license may not be used for commercial battery cell production under the current terms of this agreement. In consideration of the license and the other obligations of the parties in this agreement, SK On will pay the Company \$20,000 between June 2024 and July 2027, subject to the Company received a demand letter dated August 31, 2021 from counsel purporting achieving certain milestones.

Under the Electrolyte Supply Agreement, SK On has agreed to represent a stockholder of DCRC alleging that purchase the proposed vote Company's electrolyte for use on the Authorized Share Charter Proposal ("Proposal") for SK On Line. SK On will initially purchase electrolyte to validate the proposed business combination with Legacy Solid Power violated Section 242(b)(2) of the Delaware General Corporation law and demanded that DCRC provide DCRC's Class A stockholders with a separate class vote on the Proposal. DCRC subsequently provided for the Class A stockholders new pilot line. After validation, SK On is required to have a separate class vote on the Proposal share increase. The Proposal was approved and the Business Combination closed. The counsel who issued this demand letter made a fee demand (the "Fee Demand") for prompting the change in the Proposal. The Company accrued a liability of \$500 on its Consolidated Balance Sheets as of December 31, 2021 in anticipation of settling the Fee Demand. On March 10, 2022, the Company settled the Fee Demand for an amount that is materially consistent with our accrual.

Based on cash on hand purchase at December 31, 2022, management believes the Company has sufficient capital to execute its strategic plan and fund operations through at least the next 12 months from the date these Consolidated Financial Statements are issued.

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eight metric tons of electrolyte from the Company by December 31, 2028. The Company expects to receive at least \$10,000 in revenue from these electrolyte sales.

The Line Installation Agreement provides that the Company will, or will cause a subcontractor to, design, procure, and install the SK On Line in exchange for approximately \$22,300 to be paid in three installments. The new line will be modeled after the Company's pilot cell production line in Colorado, which is capable of producing cells between 60 and 100 Ah, and will produce EV cells utilizing the Company's electrolyte technology. Construction of the line will begin in 2024 and is expected to be complete in 2025.

Stock Repurchase Program

On January 23, 2024, the Company announced that its Board of Directors approved a stock repurchase program authorizing the Company to purchase up to \$50,000 of the Company's outstanding common stock. Under the repurchase program, the Company may purchase shares of its common stock from time to time until the repurchase program expires on December 31, 2025.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

In designing and evaluating our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired controls. As required by Rule 13a-15(b) under the Exchange Act, our management, with the participation of our principal executive officer and principal financial officer, ~~has evaluated~~ conducted an evaluation of the effectiveness of our disclosure controls and procedures as of ~~December 31, 2022~~ December 31, 2023. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this Report, our disclosure controls and procedures were effective.

Inherent Limitations over Internal Control Over Financial Reporting

~~Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that:~~

- ~~pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;~~
- ~~provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of our management and directors; and~~
- ~~provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.~~

~~Management, including our principal executive officer and principal financial officer, does not expect that our internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.~~

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Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in ~~Rule Rules~~ 13a-15(f) and 15d-15(f) under the Exchange Act). Management conducted an ~~assessment~~ evaluation of the effectiveness of our internal control over financial reporting based on the ~~criteria set forth~~ framework in Internal Control -⁺ Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (2013). Based on our ~~assessment~~ such evaluation, management ~~has~~ concluded that ~~its~~ our internal control over

financial reporting was effective as of December 31, 2022 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. December 31, 2023.

Our As a non-accelerated filer, our independent registered public accounting firm Ernst & Young LLP, has issued their is not required to issue an attestation report on our internal control over financial reporting, which appears in Part II, Item 8 of this Form 10-K. reporting.

Changes in Internal Control over Financial Reporting

As previously disclosed in Part II, Item 9A in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, management previously identified a material weakness for Legacy Solid Power due to deficiencies identified in the operating effectiveness of controls over financial reporting related to the review of complex transactions for proper accounting treatment as our control environment would have failed to detect the misstatement prior to the financial statement issuance.

During 2022, we implemented our previously disclosed remediation plan, which included the following remediation actions:

- Hiring additional personnel.
- Improving our capabilities to identify, research, and prepare support documentation for technical accounting issues.
- Designing and implementing a formalized internal control framework.
- Improving and strengthening our control processes and procedures.
- Working with our auditors and other outside advisors to ensure that our controls and procedures are adequate and effective.

We have completed the necessary testing to conclude that the material weakness was remediated as of December 31, 2022. Except for the material weakness remediation described above, there There were no changes during the fourth quarter of 2022 ended December 31, 2023 that were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Item 9B. Other Information

None.

During the quarter ended December 31, 2023, the following directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," each as defined in Item 408(c) of Regulation S-K:

| Trading Arrangement | Aggregate Number |
|---------------------|------------------|
|---------------------|------------------|

| Name and Title | Action | Date of Action | Rule 10b5-1(a) | Non-Rule 10b5-1 | of Securities to be Purchased or Sold | Expiration Date |
|---|-------------|----------------|-------------------------------------|--------------------------|---|-----------------|
| Derek Johnson <i>Chief Operating Officer</i> | Termination | 11/21/2023 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Up to 954,594 shares of common stock to be sold | 8/30/2024 |

(1) Intended to satisfy the affirmative defense of Rule 10b5-1.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information regarding executive officers called for by Item 401(b) of Regulation S-K may be found under the caption "Information About our Executive Officers" in this Report. The other information required by this Item is included in the Company's 2023 2024 Proxy Statement to be filed with the SEC within 120 days after December 31, 2022 December 31, 2023 in connection with the solicitation of proxies for the Company's 2023 2024 annual meeting of stockholders, and is incorporated herein by reference.

Item 11. Executive Compensation. Compensation

The information required by this Item is included in the Company's 2023 2024 Proxy Statement to be filed with the SEC within 120 days after December 31, 2022 December 31, 2023, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters. Matters

The information required by this Item is included in the Company's 2023 2024 Proxy Statement to be filed with the SEC within 120 days after December 31, 2022 December 31, 2023, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence. Independence

The information required by this Item is included in the Company's 2023 2024 Proxy Statement to be filed with the SEC within 120 days after December 31, 2022 December 31, 2023, and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services. Services

The information required by this Item is included in the Company's 2023 2024 Proxy Statement to be filed with the SEC within 120 days after December 31, 2022 December 31, 2023, and is incorporated herein by reference.

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[Table of Contents](#)**PART IV****Item 15. Exhibits, Financial Statement Schedules**

(a) Financial Statements, Financial Statement Schedules, and Exhibits

(1) Financial Statements.

Consolidated Balance Sheets

Consolidated Statements of Operations

Consolidated Statements of ~~Mezzanine and~~ Stockholders' Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules: None

(3) Exhibits

| Exhibit Number | Description | Incorporated by Reference | | | | Description | Incorporated by Reference | | | |
|-------------------|--|---------------------------|--------|----------|-------------------|--|---------------------------|--------|----------|-------------|
| | | Schedule | File | Exhibit/ | | | Schedule | File | Exhibit/ | |
| | | Form | Number | Annex | Filing Date | | Form | Number | Annex | Filing Date |
| 2.1 | <u>Business Combination</u> <u>Agreement and Plan of Reorganization, dated as of June 15, 2021, by and among the Company, Merger Sub and Legacy Solid Power</u> | 424B3 | 333- | Annex A | November 10, 2021 | <u>Business Combination</u> <u>Agreement and Plan of Reorganization, dated as of June 15, 2021, by and among the Company, DCRC Merger Sub, Inc. and Solid Power Operating, Inc.</u> | 424B3 | 333- | A | 10, 2021 |

| | | | | | | | | | | |
|-----|--|-------|------------|-----------|-------------------|--|-------|------------|-----------|-------------------|
| 2.2 | First Amendment to the Business Combination Agreement, dated October 12, 2021, by and among the Company, Merger Sub and Legacy Solid Power | 424B3 | 333-258681 | Annex A-1 | November 10, 2021 | First Amendment to the Business Combination Agreement, dated October 12, 2021, by and among the Company, DCRC Merger Sub, Inc. and Solid Power Operating, Inc. | 424B3 | 333-258681 | Annex A-1 | November 10, 2021 |
| 3.1 | Second Amended and Restated Certificate of Incorporation | 8-K | 001-40284 | 3.1 | December 13, 2021 | Second Amended and Restated Certificate of Incorporation | 8-K | 001-40284 | 3.1 | December 13, 2021 |
| 3.2 | Amended and Restated Bylaws | 8-K | 001-40284 | 3.1 | November 21, 2022 | Amended and Restated Bylaws | 8-K | 001-40284 | 3.1 | November 21, 2022 |
| 4.1 | Specimen Common Stock Certificate | 8-K | 001-40284 | 4.1 | December 13, 2021 | Specimen Common Stock Certificate | 8-K | 001-40284 | 4.1 | December 13, 2021 |
| 4.2 | Specimen Warrant Certificate | 8-K | 001-40284 | 4.2 | December 13, 2021 | Specimen Warrant Certificate | 8-K | 001-40284 | 4.2 | December 13, 2021 |
| 4.3 | Warrant Agreement, dated March 23, 2021, between the Company and Continental Stock Transfer & Trust Company | 8-K | 001-40284 | 4.1 | March 26, 2021 | Warrant Agreement, dated March 23, 2021, between the Company and Continental Stock Transfer & Trust Company | 8-K | 001-40284 | 4.1 | March 26, 2021 |
| 4.4 | Amended and Restated Registration Rights Agreement | 8-K | 001-40284 | 10.2 | December 13, 2021 | Amended and Restated Registration Rights Agreement | 8-K | 001-40284 | 10.2 | December 13, 2021 |

| | | | | | | | | | | | |
|------|--|------|------------|-----|----------------|-----|--|-----|------------|-----|-----------------|
| 4.5± | Board Nomination and Support Agreement between Solid Power, BMW Holding B.V. and the stockholders of Solid Power listed on Schedule A thereto, dated May 5, 2021 | S-4 | 333-258681 | 4.4 | August 2021 | 10. | Board Nomination and Support Agreement between Solid Power, Inc., BMW Holding B.V. and the stockholders of Solid Power, Inc. listed on Schedule A thereto, dated May 5, 2021 | S-4 | 333-258681 | 4.4 | August 10, 2021 |
| 4.6 | Description of Securities | 10-K | 001-40284 | 4.6 | March 23, 2022 | | | | | | |

Solid Power, Inc. | 2022 2023 Form 10-K | 8771

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| | | | | | | | | | | |
|-------|---|-----|------------|------|-------------------|-----|--|---------------|------|-------------------|
| 4.6 | | | | | | | Description of Securities | 10-001-K | 4.6 | March 23, 2022 |
| 10.1 | Private Placement Warrants Purchase Agreement, dated March 23, 2021, between DCRC, the Sponsor and the other purchasers named therein | 8-K | 001-40284 | 10.5 | March 26, 2021 | | Private Placement Warrants Purchase Agreement, dated March 23, 2021, between Decarbonization Plus Acquisition Corporation III, Decarbonization Plus Acquisition Sponsor III LLC and the other purchasers named therein | 8-K001-40284 | 10.5 | March 26, 2021 |
| 10.2# | Solid Power, Inc. 2021 Equity Incentive Plan | 8-K | 001-40284 | 10.7 | December 2021 | 13. | Solid Power, Inc. 2021 Equity Incentive Plan | 8-K001-40284 | 10.7 | December 13, 2021 |
| 10.3# | Solid Power, Inc. 2021 Employee Stock Purchase Plan | S-8 | 333-262714 | 99.3 | February 14, 2022 | | Solid Power, Inc. 2021 Employee Stock Purchase Plan | S-8333-262714 | 99.3 | February 14, 2022 |

| | | | | | |
|-------|--|-----------------|-------------------|---|--------------------------|
| 10.4# | <u>Solid Power, Inc. 2014 Equity Incentive Plan</u> S-8 | 333-262714 99.1 | February 14, 2022 | <u>Solid Power, Inc. 2014 Equity Incentive Plan</u> S-8333- 99.1 | February 262714 14, 2022 |
| 10.5# | <u>Form of Stock Option Grant Notice under 2014 Equity Incentive Plan</u> S-8 | 333-262714 99.4 | February 14, 2022 | <u>Form of Stock Option Grant Notice under Solid Power, Inc. 2014 Equity Incentive Plan</u> S-8333- 99.4 | February 262714 14, 2022 |
| 10.6# | <u>Form of Notice of Stock Option Grant under 2021 Equity Incentive Plan</u> S-8 | 333-262714 99.5 | February 14, 2022 | <u>Form of Notice of Stock Option Grant under Solid Power, Inc. 2021 Equity Incentive Plan</u> S-8333- 99.5 | February 262714 14, 2022 |
| 10.7# | <u>Form of Notice of Restricted Stock Unit Grant (Employee) under 2021 Equity Incentive Plan</u> S-8 | 333-262714 99.6 | February 14, 2022 | <u>Form of Notice of Restricted Stock Unit Grant (Employee) under Solid Power, Inc. 2021 Equity Incentive Plan</u> S-8333- 99.6 | February 262714 14, 2022 |
| 10.8# | <u>Form of Notice of Restricted Stock Unit Grant (New Director) under 2021 Equity Incentive Plan</u> S-8 | 333-262714 99.7 | February 14, 2022 | <u>Form of Notice of Restricted Stock Unit Grant (New Director) under Solid Power, Inc. 2021 Equity Incentive Plan</u> S-8333- 99.7 | February 262714 14, 2022 |
| 10.9# | <u>Form of Notice of Restricted Stock Unit Grant (Annual Award) under 2021 Equity Incentive Plan</u> S-8 | 333-262714 99.8 | February 14, 2022 | <u>Form of Notice of Restricted Stock Unit Grant (Annual Award) under Solid Power, Inc. 2021 Equity Incentive Plan</u> S-8333- 99.8 | February 262714 14, 2022 |

| | | | | | | | | |
|--------|---|-------|------------|-------|------------------|--|-------------------|------------------------|
| 10.10± | Joint Development Agreement, dated July 1, 2017, by and among Legacy Solid Power and BMW of North America, LLC | S-4/A | 333-258681 | 10.11 | October 13, 2021 | Joint Development Agreement, dated July 1, 2017, by and among Solid Power Operating, Inc. and BMW of North America, LLC | S- 333- 4/A258681 | 10.11October 13, 2021 |
| 10.11± | Amendment No. 1 to Joint Development Agreement, dated February 18, 2021, between Legacy Solid Power and BMW of North America, LLC | S-4/A | 333-258681 | 10.12 | October 13, 2021 | Amendment No. 1 to Joint Development Agreement, dated February 18, 2021, between Solid Power Operating, Inc. and BMW of North America, LLC | S- 333- 4/A258681 | 10.12October 13, 2021 |
| 10.12± | Amendment No. 2 to Joint Development Agreement, dated March 22, 2021, between Legacy Solid Power and BMW of North America, LLC | S-4/A | 333-258681 | 10.13 | October 13, 2021 | Amendment No. 2 to Joint Development Agreement, dated March 22, 2021, between Solid Power Operating, Inc. and BMW of North America, LLC | S- 333- 4/A258681 | 10.13October 13, 2021 |
| 10.13± | Amendment No. 3 to Joint Development Agreement, dated November 1, 2021, between Legacy Solid Power and BMW of North America, LLC | 8-K | 001-40284 | 10.15 | December 2021 | Amendment No. 3 to Joint Development Agreement, dated November 1, 2021, between Solid Power Operating, Inc. and BMW of North America, LLC | 8-K001- 40284 | 10.15December 13, 2021 |

| | | | | | | | | | |
|--------|---|-------|------------|-------|------------------|----|---|------|-------------------|
| 10.14± | Amendment No. 4 to Joint Development Agreement, dated December 20, 2022, between Legacy Solid Power and BMW of North America, LLC | 8-K | 001-40284 | 10.1 | December 2022 | 21 | Amendment No. 8-K001-4 to Joint Development Agreement, dated December 20, 2022, between Solid Power Operating, Inc. and BMW of North America, LLC | 10.1 | December 21, 2022 |
| 10.15± | Agreement for the Joint Development of Solid State Batteries for Automotive Applications between Ford Motor Company and Legacy Solid Power, dated December 28, 2018 | S-4/A | 333-258681 | 10.14 | October 13, 2021 | | | | |

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| | | | | | |
|----------|--|-------|------------|-------|-------------------|
| 10.16± | Series B Preferred Stock Financing Letter Agreement between the Ford Motor Company and Legacy Solid Power, dated May 5, 2021 | S-4/A | 333-258681 | 10.15 | October 13, 2021 |
| 10.17± | Joint Development Agreement, dated October 28, 2021, between Legacy Solid Power and SK Innovation Co., Ltd. | S-4/A | 333-258681 | 10.16 | November 2, 2021 |
| 10.18 | Solid Power, Inc. Outside Director Compensation Policy | 8-K | 001-40284 | 10.9 | December 13, 2021 |
| 10.19# | Solid Power, Inc. Executive Incentive Compensation Plan | 8-K | 001-40284 | 10.10 | December 13, 2021 |
| 10.20# | Solid Power, Inc. Executive Change in Control and Severance Plan | 8-K | 001-40284 | 10.11 | December 13, 2021 |
| 10.21# | Solid Power, Inc. Form of Indemnification Agreement | 8-K | 001-40284 | 10.1 | December 13, 2021 |
| 10.22# | Letter Agreement with David Jansen, dated August 5, 2021 | 8-K | 001-40284 | 10.4 | December 13, 2021 |
| 10.23# | Interim CEO Agreement with David Jansen, dated November 29, 2022 | 8-K | 001-40284 | 10.1 | November 29, 2022 |
| 10.24# | Letter Agreement with Derek Johnson, dated August 5, 2021 | 8-K | 001-40284 | 10.5 | December 13, 2021 |
| 10.25*±# | Letter Agreement with Joshua Buettner-Garrett, dated August 5, 2021 | | | | |
| 10.26*±# | Offer Letter with James Liebscher, dated June 9, 2021 | | | | |

| | | | | | | |
|----------|---|-------|------------|-------|-------------------|--|
| 10.27*±# | Offer Letter with Kevin Paprzycki, dated September 30, 2021 | | | | | |
| 10.28# | Letter Agreement with Douglas Campbell, dated August 5, 2021 | 8-K | 001-40284 | 10.3 | December 13, 2021 | |
| 10.29±# | Offer Letter with Jon Jacobs, dated September 26, 2021 | 10-K | 001-40284 | 10.24 | March 23, 2022 | |
| 10.30*±# | Separation and Release Agreement with Jon Jacobs, dated February 10, 2023 | | | | | |
| 10.31# | Form of Retention Agreement, dated November 29, 2022 | 8-K | 001-40284 | 10.2 | November 29, 2022 | |
| 10.32 | Lease Agreement between the Company and Red Pierce, LLC, dated November 29, 2016 | 8-K | 001-40284 | 10.19 | December 13, 2021 | |
| 10.33 | Amendment to Lease Agreement between the Company and Red Pierce, LLC, dated December 5, 2017 | 8-K | 001-40284 | 10.20 | December 13, 2021 | |
| 10.34± | Second Amendment to Lease Agreement by and between the Company and Red Pierce, LLC, dated December 1, 2022 | 8-K | 001-40284 | 10.1 | December 2, 2022 | |
| 10.15± | Agreement for the Joint Development of Solid State Batteries for Automotive Applications between Ford Motor Company and Solid Power Operating, Inc., dated December 28, 2018 | S-4/A | 333-258681 | 10.14 | October 13, 2021 | |
| 10.16± | Series B Preferred Stock Financing Letter Agreement between the Ford Motor Company and Solid Power Operating, Inc., dated May 5, 2021 | S-4/A | 333-258681 | 10.15 | October 13, 2021 | |
| 10.17± | Second Amendment to Joint Development Agreement, dated June 30, 2023, between Solid Power Operating, Inc. and Ford Motor Company | 8-K | 001-40284 | 10.1 | July 5, 2023 | |
| 10.18± | Joint Development Agreement, dated October 28, 2021, between Solid Power Operating, Inc. and SK Innovation Co., Ltd. | S-4/A | 333-258681 | 10.16 | November 2, 2021 | |
| 10.19± | Research and Development Technology License Agreement, dated January 10, 2024, between Solid Power Operating, Inc. and SK On Co., Ltd. | 8-K | 001-40284 | 10.1 | January 16, 2024 | |
| 10.20± | Electrolyte Supply Agreement, dated January 10, 2024, between Solid Power Operating, Inc. and SK On Co., Ltd. | 8-K | 001-40284 | 10.2 | January 16, 2024 | |
| 10.21± | Line Installation Agreement, dated January 10, 2024, among Solid Power Korea Co., Ltd., SK On Co., Ltd., and, for the limited purposes of Section 12.16 of the Line Installation Agreement, Solid Power, Inc. | 8-K | 001-40284 | 10.3 | January 16, 2024 | |
| 10.22# | Solid Power, Inc. Outside Director Compensation Policy | 8-K | 001-40284 | 10.1 | July 10, 2023 | |
| 10.23# | Solid Power, Inc. Executive Incentive Compensation Plan | 8-K | 001-40284 | 10.10 | December 13, 2021 | |

| | | | | | |
|---------|---|------|-----------|-------|-------------------|
| 10.24# | Solid Power, Inc. Executive Change in Control and Severance Plan | 8-K | 001-40284 | 10.11 | December 13, 2021 |
| 10.25# | Solid Power, Inc. Form of Indemnification Agreement | 8-K | 001-40284 | 10.1 | December 13, 2021 |
| 10.26# | Offer Letter with John Van Scoter, dated May 26, 2023 | 8-K | 001-40284 | 10.1 | May 31, 2023 |
| 10.27# | Letter Agreement with Derek Johnson, dated August 5, 2021 | 8-K | 001-40284 | 10.5 | December 13, 2021 |
| 10.28±# | Letter Agreement with Joshua Buettner-Garrett, dated August 5, 2021 | 10-K | 001-40284 | 10.25 | March 1, 2023 |
| 10.29±# | Offer Letter with James Liebscher, dated June 9, 2021 | 10-K | 001-40284 | 10.26 | March 1, 2023 |

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| | | | | | |
|----------|---|-----|------------|-------|-------------------|
| 10.35 | Industrial Lease Agreement between the Company and 25 North Investors SPE1, LLC, dated September 1, 2021 | 8-K | 001-40284 | 10.21 | December 13, 2021 |
| 21 | List of Subsidiaries | S-1 | 333-261711 | 21 | December 17, 2021 |
| 23.1* | Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm | | | | |
| 24.1* | Power of Attorney (included on the signature page of this Annual Report on Form 10-K) | | | | |
| 31.1* | Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 | | | | |
| 31.2* | Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 | | | | |
| 32.1** | Section 1350 Certification | | | | |
| 32.2** | Section 1350 Certification | | | | |
| 101.INS* | XBRL Instance Document – the instance document does not appear in the Interactive Data file because its Inline XBRL tags are embedded within the Inline XBRL document | | | | |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document | | | | |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase | | | | |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Document | | | | |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document | | | | |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase | | | | |

| | | | | | | |
|---------|--|------|-----------|-------|-------------------|--|
| 104* | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) | | | | | |
| 10.30±# | Offer Letter with Kevin Paprzycki, dated September 30, 2021 | 10-K | 001-40284 | 10.27 | March 1, 2023 | |
| 10.31# | Letter Agreement with David Jansen, dated August 5, 2021 | 8-K | 001-40284 | 10.4 | December 13, 2021 | |
| 10.32# | Interim CEO Agreement with David Jansen, dated November 29, 2022 | 8-K | 001-40284 | 10.1 | November 29, 2022 | |
| 10.33# | Amendment to Interim CEO Agreement, dated August 7, 2023, between Solid Power, Inc. and David B. Jansen | 8-K | 001-40284 | 10.1 | August 9, 2023 | |
| 10.34±# | Offer Letter with Jon Jacobs, dated September 26, 2021 | 10-K | 001-40284 | 10.24 | March 23, 2022 | |
| 10.35±# | Separation and Release Agreement with Jon Jacobs, dated February 10, 2023 | 10-K | 001-40284 | 10.30 | March 1, 2023 | |
| 10.36# | Form of Retention Agreement, dated November 29, 2022 | 8-K | 001-40284 | 10.2 | November 29, 2022 | |
| 10.37 | Lease Agreement between the Company and Red Pierce, LLC, dated November 29, 2016 | 8-K | 001-40284 | 10.19 | December 13, 2021 | |
| 10.38 | Amendment to Lease Agreement between the Company and Red Pierce, LLC, dated December 5, 2017 | 8-K | 001-40284 | 10.20 | December 13, 2021 | |
| 10.39± | Second Amendment to Lease Agreement by and between the Company and Red Pierce, LLC, dated December 1, 2022 | 8-K | 001-40284 | 10.1 | December 2, 2022 | |
| 10.40 | Industrial Lease Agreement between the Company and 25 North Investors SPE1, LLC, dated September 1, 2021 | 8-K | 001-40284 | 10.21 | December 13, 2021 | |
| 21* | List of Subsidiaries | | | | | |
| 23.1* | Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm | | | | | |
| 24.1* | Power of Attorney (included on the signature page of this Annual Report on Form 10-K) | | | | | |
| 31.1* | Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 | | | | | |
| 31.2* | Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 | | | | | |
| 32.1** | Section 1350 Certification | | | | | |
| 32.2** | Section 1350 Certification | | | | | |
| 97* | Solid Power, Inc. Policy on Recovery of Incentive Compensation | | | | | |

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| | |
|----------|---|
| 101.INS* | XBRL Instance Document – the instance document does not appear in the Interactive Data file because its Inline XBRL tags are embedded within the Inline XBRL document |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Document |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase |
| 104* | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

* Filed herewith.

** Furnished herewith.

± Certain portions of this exhibit have been omitted in accordance with Regulation S-K Item 601. The Company agrees to furnish an unredacted copy of the exhibit to the SEC upon request.

Indicates a management or compensatory plan.

Item 16. Form 10-K Summary

None.

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[Table of Contents](#)**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: **March 1, 2023** **February 28, 2024**

SOLID POWER, INC.

By: **/s/ Kevin Paprzycki**
Name: Kevin Paprzycki

[Table of Contents](#)**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints **David Jansen, John Van Scoter, Kevin Paprzycki, and James Liebscher**, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact, proxy and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, proxy and agent, or his or her substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

| Name | Title | Date |
|--|--|---|
| /s/ David Jansen John Van Scoter | Interim President, Chief Executive Officer, President and Director (Principal Executive Officer) | March 1, 2023 February 28, 2024 |
| David Jansen John Van Scoter | Chief Financial Officer and Treasurer | |
| /s/ Kevin Paprzycki | (Principal Financial and Accounting Officer) | March 1, 2023 February 28, 2024 |
| Kevin Paprzycki | | |
| /s/ Erik Anderson | Director | March 1, 2023 February 28, 2024 |
| Erik Anderson | | |
| /s/ Kaled Awada | Director | February 28, 2024 |
| Kaled Awada | | |
| /s/ Rainer Feurer | Director | March 1, 2023 February 28, 2024 |
| Rainer Feurer | | |
| /s/ Steven H. Goldberg | Director | March 1, 2023 February 28, 2024 |
| Steven H. Goldberg | | |
| /s/ Susan Kreh | Director | February 28, 2024 |
| Susan Kreh | | |

/s/ Aleksandra Mizolek
Aleksandra Mizolek

Director

March 1, 2023 February
28, 2024

/s/ Lesa Roe
Lesa Roe

Director

March 1, 2023 February
28, 2024

/s/ John Stephens
John Stephens

Director

March 1, 2023 February
28, 2024

/s/ MaryAnn Wright
MaryAnn Wright

Director

March 1, 2023 February
28, 2024

Solid Power, Inc. | 2022 2023 Form 10-K | 9277

Exhibit 10.25 21.1

August 5, 2021

Josh Buettner-Garrett
c/o Subsidiaries of Solid Power, Inc.

Re: Confirmatory Employment Letter

Dear Josh:

This confirmatory employment letter agreement (the "Agreement") is entered into between you and Solid Power, Inc. (the "Company" or "we"), effective as of the date both parties sign below (the "Effective Date"), to confirm the terms and conditions of your employment with the Company as of the Effective Date.

1. **Title; Position.** You will continue to serve as the Company's Chief Technology Officer. You also will continue to report to the Company's Chief Executive Officer and will perform the duties and responsibilities customary for such position and such other related duties as are reasonably assigned by the Company's Chief Executive Officer.

2. **Location.** You will perform your duties from the Company's corporate offices located in Louisville, Colorado (with the exception of the period during which any shelter-in-place order, quarantine order, or similar work-from-home requirement affecting your ability to work at the Company's corporate offices remains in effect), subject to customary travel as reasonably required by the Company and necessary to perform your job duties.

3. **Base Salary.** Your annual base salary is \$275,000 ("Salary"), which will be payable, less any applicable withholdings, in accordance with the Company's normal payroll practices. Your Salary will be subject to review and adjustment from time to time by our Board of Directors (the "Board") or its Compensation Committee (the "Committee"), as applicable, in its sole discretion.

4. **Annual Bonus.** Your target annual cash bonus is 30% of your annual base salary, which may be earned based on achieving performance objectives established by the Board or the Committee, as applicable, in its sole discretion.

and payable upon achievement of those objectives as determined by the Committee. Unless determined otherwise by the Board or Committee, as applicable, any such bonus will be subject to your continued employment through and until the date of payment. Any such bonus amounts paid will be subject to any applicable withholdings. Your annual bonus opportunity and the applicable terms and conditions may be adjusted from time to time by our Board or the Committee, as applicable, in its sole discretion.

5. **Equity Awards.** You will be eligible to receive awards of stock options or other equity awards pursuant to any plans or arrangements the Company may have in effect from time to time. The Board or Committee, as applicable, will determine in its sole discretion whether you will be granted any such equity awards and the terms of any such award in accordance with the terms of any applicable plan or arrangement that may be in effect from time to time.

6. **Employee Benefits.** You will continue to be eligible to participate in the benefit plans and programs established by the Company for its employees from time to time, subject to their applicable terms and conditions, including without limitation any eligibility requirements. The Company will reimburse you for reasonable travel or other expenses incurred by you in the furtherance of or in connection with the performance of your duties under this Agreement, pursuant to the terms of the Company's expense

reimbursement policy as may be in effect from time to time. The Company reserves the right to modify, amend, suspend or terminate the benefit plans, programs, and arrangements it offers to its employees at any time.

7. **Severance.** You will be eligible for participation in the Company's Executive Change in Control and Severance Plan (the "Severance Plan") based on your level and seniority. The Severance Plan and your Participation Agreement under the Severance Plan are attached hereto as Exhibit A. This Participation Agreement will specify the severance payments and benefits you could be eligible to receive in connection with certain terminations of your employment with the Company, and will supersede and replace all prior negotiations, representations or agreements between you and the Company relating to severance and change in control benefits, except that your stock options that are outstanding prior to the effective of the Severance Plan will continue to be governed by their existing terms, including any change in control provisions set forth in the 2014 Equity Incentive Plan, as amended and the applicable award agreements thereunder (collectively, the "Existing Equity Documents").

8. **Confidentiality Agreement.** As an employee of the Company, you will continue to have access to certain confidential information of the Company and you may, during the course of your employment, develop certain information or inventions that will be the property of the Company. To protect the interests of the Company, your acceptance of this Agreement confirms that the terms of the Company's Confidential Information, Invention Assignment and Arbitration Agreement you previously signed (the "Confidentiality Agreement").

9. **At-Will Employment.** This Agreement does not imply any right to your continued employment for any period with the Company or any parent, subsidiary, or affiliate of the Company. Your employment with the Company is and will continue to be at-will, as defined under applicable law. This Agreement and any provisions under it will not interfere with or limit in any way your or the Company's right to terminate your employment relationship with the Company at any time, with or without cause, to the extent permitted by applicable laws.

10. **Protected Activity Not Prohibited.** The Company and you acknowledge and agree that nothing in this Agreement limits or prohibits you from filing and/or pursuing a charge or complaint with, or otherwise communicating or cooperating with or participating in any investigation or proceeding that may be conducted by, any federal, state or local government agency or commission, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board ("Government Agencies"), including disclosing documents or other information as permitted by law, without giving notice to, or receiving authorization from, the Company. In addition, nothing in this Agreement is intended to limit employees' rights to discuss the terms, wages, and working conditions of their employment, nor to deny employees the right to disclose information pertaining to sexual harassment or any unlawful or potentially unlawful conduct, as protected by applicable law. You further understand that you are not permitted to disclose the Company's attorney-client privileged communications or attorney work product. In addition, you acknowledge that the Company has provided you with notice in compliance with the Defend Trade Secrets Act of 2016 regarding immunity from liability for limited disclosures of trade secrets. The full text of the notice is attached in Exhibit B.

11. **Miscellaneous.** This Agreement, together with the Confidentiality Agreement, the Severance Agreement and the stock options granted to you by the Company under the Existing Equity Documents, constitute the entire agreement between you and the Company regarding the material terms and conditions of your employment, and they supersede and replace all prior negotiations, representations or agreements between you and the Company. This Agreement will be governed by the laws of the State of Colorado but

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without regard to the conflict of law provision. This Agreement may be modified only by a written agreement signed by a duly authorized officer of the Company (other than yourself) and you.

[Signature page follows]

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To confirm the current terms and conditions of your employment, please sign and date in the spaces indicated and return this Agreement to the undersigned.

Name of Subsidiary
Solid Power Operating, Inc.
Solid Power Korea Co., Ltd.

Sincerely,

Jurisdiction
of
Organization
Colorado

SOLID POWER, INC.

By: /s/ Douglas
Campbell
Name: Douglas
Campbell
Title: Chief
Executive
Officer

Date: August 18, 2021

Agreed to and accepted:

/s/ Josh Buettner-Garrett
Josh Buettner-Garrett

Date: 8/9/2021

SIGNATURE PAGE TO CONFIRMATORY OFFER LETTER

Exhibit A

Executive Change in Control and Severance Plan and Participation Agreement

(see attached)

SOLID POWER, INC.

**EXECUTIVE CHANGE IN CONTROL AND SEVERANCE PLAN
AND SUMMARY PLAN DESCRIPTION**

1. Introduction. The purpose of this Solid Power, Inc. Executive Change in Control and Severance Plan (the "Plan"), effective as of August 4, 2021, (the "Effective Date") is to provide opportunities with respect to specified benefits to certain employees of the Company whose employment may be involuntarily terminated other than for death, Disability, or Cause or terminated by such employees for Good Reason under the circumstances described in the Plan. This Plan is an "employee welfare benefit plan," as defined in Section 3(1) of ERISA. This document is both the written instrument under which the Plan is maintained and the required summary plan description for the Plan.

2. Important Terms. The following words and phrases, when the initial letter of the term is capitalized, will have the meanings set forth in this Section 2, unless a different meaning is plainly required by the context:

2.1 "Administrator" means the Company, acting through the Compensation Committee or another duly constituted committee of members of the Board, or any person to whom the Administrator has delegated any authority or responsibility with respect to the Plan pursuant to Section 11, but only to the extent of such delegation.

2.2 "Board" means the Board of Directors of the Company.

2.3 "Cause" has the meaning set forth in the Participant's Participation Agreement or, if no definition is set forth therein, means that one or more of the following has occurred: (i) the Participant's conviction or indictment of, or plea of *nolo contendere* to, a felony or other crime involving moral turpitude; (ii) the Participant's willful refusal to comply with the lawful requests made of him or her by the Company after written notice to him or her and the Participant's failure to fully cure such willful refusal within a reasonable period of time of not fewer than thirty (30) days after such notice, unless such willful refusal is not reasonably susceptible of cure; (iii) material violation of the Company's written policies, after written notice to the Participant from the Company of such violation and the Participant's failure to fully cure such violation within a reasonable period of time of not fewer than thirty (30) days after such notice unless the violation is not reasonably susceptible of cure; or (iv) a material breach by the Participant of any material provision of any material agreement between the Participant and the Company or its

subsidiaries after written notice to the Participant from the Company of such breach and the Participant's failure to fully cure such breach within a reasonable period of time of not fewer than thirty (30) days after such notice, unless the breach is not reasonably susceptible of cure.

2.4 **"Change in Control"** means the occurrence of any of the following events:

(a) **Change in Ownership of the Company.** A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection (a), the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control; provided, further, that any change in the ownership of the stock of the Company as a result

of a private financing of the Company that is approved by the Board also will not be considered a Change in Control. Further, if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event will not be considered a Change in Control under this subsection (a). For this purpose, indirect beneficial ownership will include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities; or

(b) **Change in Effective Control of the Company.** If the Company has a class of securities registered pursuant to Section 12 of the Exchange Act, a change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (b), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(c) **Change in Ownership of a Substantial Portion of the Company's Assets.** A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (c), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (i) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (ii) a transfer of assets by the Company to: (A) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (B) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (C) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (D) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (c)(ii)(C). For purposes of this subsection (c), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (x) its sole purpose is to change the jurisdiction of the Company's incorporation, or (y) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction. In addition, the reference to "Company" in this definition shall be updated to the extent set forth in Section 20 of the Plan.

For clarity, the SPAC Closing shall not constitute a Change in Control under the Plan.

2.5 **“Change in Control Period”** means the time period beginning on the date that is 3 months prior to a Change in Control and ending on the date that is 12 months following a Change in Control.

2.6 **“CIC Qualifying Termination”** has the meaning set forth in a Participant’s Participation Agreement.

2.7 **“Code”** means the Internal Revenue Code of 1986, as amended.

2.8 **“Company”** means (i) prior to the SPAC Closing, Solid Power, Inc., a Colorado corporation, and any successor that assumes the obligations of the Company under the Plan, by way of merger, acquisition, consolidation or other transaction, and (ii) on and following the SPAC Closing, Solid Power, Inc., a Delaware corporation (which entity, prior to the SPAC Closing, was known as DCRC (as defined below)), and any successor that assumes the obligations of the Company under the Plan, by way of merger, acquisition, consolidation or other transaction.

2.9 **“Compensation Committee”** means the Compensation Committee of the Board.

2.10 **“Director”** means a member of the Board.

2.11 **“Disability”** means “Disability” as defined in the Company’s long-term disability plan or policy then in effect with respect to that Participant, as such plan or policy may be in effect from time to time, and, if there is no such plan or policy, a total and permanent disability as defined in Code Section 22(e)(3).

2.12 **“Equity Awards”** means a Participant’s outstanding stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance stock units and any other Company equity compensation awards, in each case, granted on or after the Effective Date.

2.13 **“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended.

2.14 **“Good Reason”** has the meaning set forth in the Participant’s Participation Agreement or, if no definition is set forth therein, means the Participant’s resignation or departure from the Company (such that, as a result of such resignation or departure, the Participant is no longer employed by the Company or any of its affiliates) by reason of or following the occurrence of any of the following events without Participant’s express written consent: (i) a ten percent (10%) or greater reduction in Participant’s base salary (unless such reduction is part of a program involving comparable reductions in compensation levels of other management personnel of the Company (or its successor)); (ii) a material reduction in the Participant’s then currently assigned duties or responsibilities with the Company; or (iii) a relocation of the Participant’s principal location of employment to a location fifty (50) miles or further from the Participant’s principal location of employment as of the date Participant becomes a Participant in the Plan; provided, however, that any such event shall not constitute grounds for “Good Reason” unless (x) Participant provides written notice to the Company of the event claimed to constitute grounds for “Good Reason” within ninety (90) days of the initial existence of such event; (y) the Company fails to remedy such condition within thirty (30) days of receiving such written notice thereof (such period, the “Cure Period”); and (z) Participant actually terminates Participant’s employment not more than one hundred twenty (120) days following the initial existence of the event claimed to constitute grounds for “Good Reason”. For clarity, neither the SPAC Closing nor any changes to the Participant’s employer or duties and responsibilities, in either case, in connection with the SPAC Closing, shall constitute grounds for resignation of “Good Reason” under the Plan.

2.15 “Non-CIC Qualifying Termination” has the meaning set forth in a Participant’s Participation Agreement.

2.16 “Participant” means an employee of the Company or of any subsidiary of the Company who (a) has been designated by the Administrator to participate in the Plan either by position or by name, and (b) has timely and properly executed and delivered a Participation Agreement to the Company.

2.17 “Participation Agreement” means the individual agreement (as will be provided in separate cover as Appendix A) provided by the Administrator to a Participant under the Plan, which has been signed and accepted by the Participant.

2.18 “Plan” means the Solid Power, Inc. Executive Change in Control and Severance Plan, as set forth in this document, and as hereafter amended from time to time.

2.19 “Qualifying Termination” means a CIC Qualifying Termination or a Non-CIC Qualifying Termination, as applicable.

2.20 “Section 409A Limit” means 200% of the lesser of: (i) the Participant’s annualized compensation based upon the annual rate of pay paid to the Participant during the Participant’s taxable year preceding the Participant’s taxable year of the Participant’s termination of employment as determined under, and with such adjustments as are set forth in, Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which the Participant’s employment is terminated.

2.21 “Severance Benefits” means the compensation and other benefits that the Participant will be provided in the circumstances described in Section 4.

2.22 “SPAC Closing” means the completion of the transactions contemplated by the business combination agreement and plan of reorganization entered into between Decarbonization Plus Acquisition Corporation III, a Delaware corporation (“DCRC”), DCRC Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of DCRC, and Solid Power, Inc., a Colorado corporation, on June 15, 2021, as hereinafter may be amended by the parties thereto in accordance with its terms.

3. Eligibility for Severance Benefits. A Participant is eligible for Severance Benefits, as described in Section 4, only if he or she experiences a Qualifying Termination.

4. Qualifying Termination. Upon a Qualifying Termination, subject to the Participant’s compliance with Section 6, the Participant will be eligible to receive the following Severance Benefits as described in Participant’s Participation Agreement, subject to the terms and conditions of the Plan and the Participant’s Participation Agreement:

4.1 Cash Severance Benefits. Cash severance equal to the amount set forth in the Participant’s Participation Agreement.

4.2 Continued Medical Benefits. If the Participant, and any spouse and/or dependents of the Participant (“Family Members”) has or have coverage on the date of the Participant’s Qualifying Termination under a group health plan sponsored by the Company, the Company will reimburse the Participant the total applicable premium cost for continued group health plan coverage under the Consolidated Omnibus

Budget Reconciliation Act of 1985, as amended (“COBRA”) until the earliest of (a) the period of time following the Participant’s employment termination as set forth in the Participant’s Participation Agreement, (b) the date the Participant is no longer eligible to receive COBRA continuation coverage, and (c) the date on which Participant becomes eligible to receive coverage under a group health plan sponsored by another employer (and any such eligibility shall be promptly reported to the Company by Participant); provided that the Participant validly elects and is eligible to continue coverage under COBRA for the Participant and his Family Members. However, if the Company determines in its sole discretion that it cannot provide the COBRA reimbursement benefits without potentially violating applicable laws (including, without limitation, Section 2716 of the Public Health Service Act and the Employee Retirement Income Security Act of 1974, as amended), the Company will in lieu

thereof provide to the Participant a lump sum payment equal to the monthly COBRA premium (on an after-tax basis) that the Participant would be required to pay to continue the group health coverage in effect on the date of the Participant's termination of employment (which amount will be based on the premium for the first month of COBRA coverage), paid each month, regardless of whether the Participant elects COBRA continuation coverage, for the period of time following the Participant's employment termination as set forth in the Participant's Participation Agreement.

4.3 **Equity Award Vesting Acceleration Benefit.** Only to the extent specifically provided in the Participant's Participation Agreement, a portion of Participant's Equity Awards will vest and, to the extent applicable, become immediately exercisable.

5. **Limitation on Payments.** In the event that the severance and other benefits provided for in this Plan or otherwise payable to a Participant (i) constitute "parachute payments" within the meaning of Section 280G of the Code ("280G Payments"), and (ii) but for this Section 5, would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the 280G Payments will be either:

1. (x)delivered in full, or

2. (y)delivered as to such lesser extent which would result in no portion of such benefits being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Participant on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. If a reduction in the 280G Payments is necessary so that no portion of such benefits are subject to the Excise Tax, reduction will occur in the following order: (i) cancellation of awards granted "contingent on a change in ownership or control" (within the meaning of Code Section 280G); (ii) a pro rata reduction of (A) cash payments that are subject to Section 409A as deferred compensation and (B) cash payments not subject to Section 409A of the Code; (iii) a pro rata reduction of (A) employee benefits that are subject to Section 409A as deferred compensation and (B) employee benefits not subject to Section 409A; and (iv) a pro rata cancellation of (A) accelerated vesting equity awards that are subject to Section 409A as deferred compensation and (B) equity awards not subject to Section 409A. In the event that acceleration of vesting of equity awards is to be cancelled, such acceleration of vesting will be cancelled in the reverse order of the date of grant of a Participant's equity awards.

A nationally recognized professional services firm selected by the Company, the Company's legal counsel or such other person or entity to which the parties mutually agree (the "Firm") will make any determination required under this Section 5. Such determinations will be made in writing by the Firm and any good faith determinations of the Firm will be conclusive and binding upon Participant and the Company. For purposes of making the calculations required by this Section 5 the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. Participant and the Company will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under

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this Section 5. The Company will bear all costs the Firm may incur in connection with any calculations contemplated by this Section 5.

6. **Conditions to Receipt of Severance.**

6.1 **Release Agreement.** As a condition to receiving the Severance Benefits (and any portion thereof), each Participant will be required to sign and not revoke in the time provided by the Company to do so a separation and release of claims agreement in a form reasonably satisfactory to the Company (the "Release"), which Release shall release the Company, each of its affiliates, and each of the foregoing entities' respective shareholders, members, partners, officers, managers, directors, predecessors, successors, fiduciaries, employees, representatives, agents and benefit plans (and fiduciaries of such plans) from any and all claims and any and all causes of action arising out of the Participant's employment, engagement, or affiliation with the Company or any of its affiliates or the termination of such employment, engagement or affiliation, but excluding (i) all claims to Severance Benefits that the Participant may be owed hereunder or any other consideration set forth in the Release, (ii) indemnification rights the Participant may have by reason of being a director or officer of the Company or subsidiary (or any related advancement of expenses, and/or contribution claims or rights the Participant may have), including any

rights under any director and officer liability policy or indemnification agreement, (iii) rights to any accrued compensation or benefits that Participant may have, or (iv) any other rights or claims that Participant may have that may not be released under applicable law. In all cases, the Release must have become effective and irrevocable no later than the 60th day following the Participant's Qualifying Termination (the "Release Deadline Date"). If the Release does not become effective and irrevocable by the Release Deadline Date (or, if earlier, the time provided by the Company to consider, return, and not revoke the Release, as may be set forth within the Release itself), the Participant will forfeit any right to the Severance Benefits. In no event will the Severance Benefits be paid or provided until the Release becomes effective and irrevocable.

6.2 Confidential Information. A Participant's receipt of, Severance Benefits will be subject to the Participant continuing to comply with the terms of any confidentiality, proprietary information and inventions agreement between the Participant and the Company (or any affiliate of the Company).

6.3 Non-Disparagement. As a condition to receiving Severance Benefits under this Plan, the Participant agrees that, following the Participant's termination, the Participant will not knowingly disparage, libel, slander, or otherwise make any materially derogatory statements regarding the Company (or any of its affiliates) or any of their respective officers or directors. Notwithstanding the foregoing, nothing contained in the Plan will be deemed to restrict the Participant from (i) providing information to any governmental or regulatory agency or body (or in any way limit the content of any such information) to the extent the Participant is required to provide such information pursuant a subpoena or as otherwise required by applicable law or regulation, or in accordance with any governmental investigation or audit relating to the Company or (ii) making any other disclosures that are protected under the whistleblower provisions of any applicable law.

6.4 Other Requirements. Severance Benefits under this Plan shall terminate immediately for a Participant if such Participant, at any time, violates any agreement with the Company or its affiliates and/or the provisions of this Section 6.

7. Timing of Severance Benefits. Unless otherwise provided in a Participant's Participation Agreement, provided that the Release has become effective and irrevocable by the Release Deadline Date and subject to Section 9, the Severance Benefits will be paid, or in the case of installments, will commence, on the first Company payroll date following the Release Deadline Date (such payment date, the "Severance Start Date"), and any Severance Benefits otherwise payable to the Participant during the period immediately

following the Participant's termination of employment with the Company (or any parent or subsidiary or other Company affiliate). through the Severance Start Date will be paid in a lump sum (without interest) to the Participant on the Severance Start Date, with any remaining payments to be made as provided in this Plan and the Participant's Participation Agreement.

8. Exclusive Benefit. Except as otherwise specifically provided in the Participant's Participation Agreement, the Severance Benefits shall be the exclusive benefit for a Participant related to termination of employment with the Company (or any parent or subsidiary or other Company affiliate).

9. Section 409A.

9.1 Notwithstanding anything to the contrary in this Plan, no Severance Benefits to be paid or provided to a Participant, if any, under this Plan that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Section 409A of the Code, and the final regulations and any guidance promulgated thereunder ("Section 409A") (together, the "Deferred Payments") will be paid or provided until the Participant has a "separation from service" within the meaning of Section 409A. Similarly, no Severance Benefits payable to a Participant, if any, under this Plan that otherwise would be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until the Participant has a "separation from service" within the meaning of Section 409A.

9.2 It is intended that none of the Severance Benefits will constitute Deferred Payments but rather will be exempt from Section 409A as a payment that would fall within the "short-term deferral period" as described in Section 9(c) below or resulting from an involuntary separation from service as described in Section 9(d) below. In no event will a Participant have discretion to determine the taxable year of payment of any Deferred Payment.

9.3 Notwithstanding anything to the contrary in this Plan, if a Participant is a "specified employee" within the meaning of Section 409A at the time of the Participant's separation from service (other than due to death), then the Deferred Payments, if any, that are payable within the first 6 months following the Participant's separation from service, will become payable on the date 6 months and 1 day following the date of the Participant's separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, in the event of the Participant's death following the Participant's separation from service, but before the 6 month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of the Participant's death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Plan is intended to constitute a separate payment under Section 1.409A-2(b)(2) of the Treasury Regulations.

9.4 Any amount paid under this Plan that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of this Section 9.

9.5 Any amount paid under this Plan that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit will not constitute Deferred Payments for purposes of this Section 9.

9.6 The foregoing provisions are intended to comply with or be exempt from the requirements of Section 409A so that none of the Severance Benefits will be subject to the additional tax.

imposed under Section 409A, and any ambiguities herein will be interpreted to so comply or be exempt. Notwithstanding anything to the contrary in the Plan, including but not limited to Sections 11 and 13, the Company reserves the right to amend the Plan as it deems necessary or advisable, in its sole discretion and without the consent of the Participants, to comply with Section 409A or to avoid income recognition under Section 409A prior to the actual payment of Severance Benefits or imposition of any additional tax. In no event will the Company reimburse a Participant for any taxes or other costs that may be imposed on the Participant as result of Section 409A.

10. **Withholdings.** The Company (or any parent or subsidiary or other Company affiliate employing Participant) will withhold from any Severance Benefits all applicable U.S. federal, state, local and non-U.S. taxes required to be withheld and any other required payroll deductions.

11. **Administration.** The Company is the administrator of the Plan (within the meaning of section 3(16)(A) of ERISA). The Plan will be administered and interpreted by the Administrator (in his or her sole discretion). The Administrator is the "named fiduciary" of the Plan for purposes of ERISA and will be subject to the fiduciary standards of ERISA when acting in such capacity. Any decision made or other action taken by the Administrator with respect to the Plan, and any interpretation by the Administrator of any term or condition of the Plan, or any related document, will be conclusive and binding on all persons and be given the maximum possible deference allowed by law. In accordance with Section 2(a), the Administrator (a) may, in its sole discretion and on such terms and conditions as it may provide, delegate in writing to one or more officers of the Company all or any portion of its authority or responsibility with respect to the Plan, and (b) has the authority to act for the Company (in a non-fiduciary capacity) as to any matter pertaining to the Plan; provided, however, that any Plan amendment or termination or any other action that reasonably could be expected to increase materially the cost of the Plan must be approved by the Board.

12. **Eligibility to Participate.** To the extent that the Administrator has delegated administrative authority or responsibility to one or more officers of the Company in accordance with Sections 2(a) and 11, each such officer will not be excluded from participating in the Plan if otherwise eligible, but he or she is not entitled to act upon or make determinations regarding any matters pertaining specifically to his or her own benefit or eligibility under the Plan. The Administrator will act upon and make determinations regarding any matters pertaining specifically to the benefit or eligibility of each such officer under the Plan.

13. **Term.** Subject to the terms of this paragraph, this Plan will have a term of 2 years commencing on the Effective Date (the "Initial Term"). At the end of the Term, this Plan will renew automatically for additional one year terms (each, an "Additional Term" and together with the Initial Term, the "Term") unless the Administrator provides the Participant notice of non-renewal at least 30 days prior to the date of automatic renewal. The Administrator may decide to sooner terminate this Plan before the end of the Term in accordance with Section 14 below or if the affected Participant consents to an earlier termination. Any termination of this Plan by the Administrator must be in writing and will be taken in a non-fiduciary capacity. Neither the lapse of this Plan by its terms nor the termination of this Plan by the Company will by itself constitute termination of employment or grounds for a Good Reason. Further, if a Change in Control occurs when there are fewer than 3 months remaining during the Term, the Term will extend automatically through the date that is 12 months following the date of the Change in Control (unless the affected Participant consents to an earlier termination). Notwithstanding the foregoing, if during the Term, an initial occurrence of an act or omission by the company constituting the grounds for "Good Reason" in accordance with the definition herein has occurred (the "Initial Grounds"), and the expiration date of the Cure Period (as such defined herein) with respect to such Initial Grounds could occur following the expiration of the Term, the Term will extend automatically through the date that is 30 days following the expiration of the Cure Period, but such extension of the Term will only apply with respect to the Initial Grounds.

14. **Amendment or Termination.** The Company, by action of the Administrator, reserves the right to amend or terminate the Plan at any time, without advance notice to any Participant and without regard to the effect of the amendment or termination on any Participant or on any other individual; *provided, however,* that any amendment or termination of the Plan that is materially detrimental to a Participant prior to such amendment or termination of the Plan will not be effective with respect to such Participant without such Participant's prior written consent. Any amendment or termination of the Plan will be in writing. Notwithstanding the foregoing, any amendment to the Plan that (a) causes an individual to cease to be a Participant, or (b) reduces or alters to the detriment of the Participant the Severance Benefits potentially payable to that Participant (including, without limitation, imposing additional conditions or modifying the timing of payment), will not be effective without that Participant's written consent. Any action of the Company in amending or terminating the Plan will be taken in a non-fiduciary capacity.

15. **Claims and Appeals.**

15.1 **Claims Procedure.** Any employee or other person who believes he or she is entitled to any Severance Benefits may submit a claim in writing to the Administrator within 90 days of the earlier of (i) the date the claimant learned the amount of his or her Severance Benefits or (ii) the date the claimant learned that he or she will not be entitled to any Severance Benefits. If the claim is denied (in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Plan on which the denial is based. The notice also will describe any additional information needed to support the claim and the Plan's procedures for appealing the denial. The denial notice will be provided within 90 days after the claim is received. If special circumstances require an extension of time (up to 90 days), written notice of the extension will be given within the initial 90-day period. This notice of extension will indicate the special circumstances requiring the extension of time and the date by which the Administrator expects to render its decision on the claim.

15.2 **Appeal Procedure.** If the claimant's claim is denied, the claimant (or his or her authorized representative) may apply in writing to the Administrator for a review of the decision denying the claim. Review must be requested within 60 days following the date the claimant received the written notice of their claim denial or else the claimant loses the right to review. The claimant (or representative) then has the right to review and obtain copies of all documents and other information relevant to the claim, upon request and at no charge, and to submit issues and comments in writing. The Administrator will provide written notice of its decision on review within 60 days after it receives a review request. If additional time (up to 60 days) is needed to review the request, the claimant (or representative) will be given written notice of the reason for the delay. This notice of extension will indicate the special circumstances requiring the extension of time and the date by which the Administrator expects to render its decision. If the claim is denied (in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Plan on which the denial is based. The notice also will include a statement that the claimant will be provided, upon request and free of charge, reasonable access to, and copies of, all documents and other information relevant to the claim and a statement regarding the claimant's right to bring an action under Section 502(a) of ERISA.

16. **Attorneys' Fees.** The Company and each Participant shall each bear their own expenses, legal fees and other fees incurred in connection with this Plan and any claim for benefits hereunder.

17. **Source of Payments.** All payments under the Plan will be paid from the general funds of the Company; no separate fund will be established under the Plan, and the Plan will have no assets. No right of any person to receive any payment under the Plan will be any greater than the right of any other general unsecured creditor of the Company.

18. **Inalienability.** In no event may any current or former employee of the Company or any of its subsidiaries or affiliates sell, transfer, anticipate, assign or otherwise dispose of any right or interest under the Plan. At no time will any such right or interest be subject to the claims of creditors nor liable to attachment, execution or other legal process.

19. **No Enlargement of Employment Rights.** Neither the establishment or maintenance or amendment of the Plan, nor the making of any benefit payment hereunder, will be construed to confer upon any individual any right to continue to be an employee of the Company or any of its affiliates for any particular period of time, as nothing herein alters the at-will employment relationship between any Participant and the Company or, if applicable, any of its affiliates. The Company expressly reserves the right to discharge any of its employees at any time, with or without cause. However, as described in the Plan, a Participant may be entitled to Severance Benefits depending upon the circumstances of his or her termination of employment.

20. **Successors.** Any successor to the Company of all or substantially all of the Company's business and/or assets (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or other transaction) will assume the obligations under the Plan and agree expressly to perform the obligations under the Plan in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under the Plan, the term "Company" will include any successor to the Company's business and/or assets which become bound by the terms of the Plan by operation of law, or otherwise, and specifically with respect to the "Change in Control" definition, will mean the ultimate parent of any such successor, unless otherwise determined by the Administrator prior to such purchase, merger, consolidation, liquidation or other transaction.

21. **Applicable Law.** The provisions of the Plan will be construed, administered and enforced in accordance with ERISA and, to the extent applicable, the internal substantive laws of the state of Colorado (but not its conflict of laws provisions).

22. **Severability.** If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability will not affect any other provision of the Plan, and the Plan will be construed and enforced as if such provision had not been included.

23. **Headings.** Headings in this Plan document are for purposes of reference only and will not limit or otherwise affect the meaning hereof.

24. **Indemnification.** The Company hereby agrees to indemnify and hold harmless the officers and employees of the Company, and the members of its Board, from all losses, claims, costs or other liabilities arising from their acts or omissions in connection with the administration, amendment or termination of the Plan, to the maximum extent permitted by applicable law. This indemnity will cover all such liabilities, including judgments, settlements and costs of defense. The Company will provide this indemnity from its own funds to the extent that insurance does not cover such liabilities. This indemnity is in addition to and not in lieu of any other indemnity provided to such person by the Company.

25. **Additional Information.**

Plan Name: Solid Power, Inc. Executive Change in Control and
Severance Plan

Plan Sponsor: Solid Power, Inc.
486 S Pierce Ave Suite E

| | |
|--|---|
| Identification Numbers: | Louisville, CO 80027 [***] |
| | EIN: PLAN: |
| Plan Year: | Company's fiscal year |
| Plan Administrator: | Solid Power, Inc. Attention: Administrator of the Solid Power, Inc. Executive Change in Control and Severance Plan 486 S Pierce Ave Suite E Louisville, CO 80027 [***] |
| Agent for Service of Legal Process: | Solid Power, Inc. Attention: President 486 S Pierce Ave Suite E Louisville, CO 80027 Service of process also may be made upon the Administrator. [***] |
| Type of Plan | Severance Plan/Employee Welfare Benefit Plan |
| Plan Costs | The cost of the Plan is paid by the Company. |

26. Statement of ERISA Rights.

As a Participant under the Plan, you have certain rights and protections under ERISA:

1. You may examine (without charge) all Plan documents, including any amendments and copies of all documents filed with the U.S. Department of Labor. These documents are available for your review in the Company's human resources department.
2. You may obtain copies of all Plan documents and other Plan information upon written request to the Administrator. A reasonable charge may be made for such copies.

In addition to creating rights for Participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan (called "fiduciaries") have a duty to do so prudently and in the interests of you and the other Participants. No one, including the Company or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit under the Plan or exercising your rights under ERISA. If your claim for a severance benefit is denied, in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the denial of your claim reviewed. (The claim review procedure is explained in Section 14 above.)

Under ERISA, there are steps you can take to enforce the above rights. For example, if you request materials and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Administrator to provide the materials and to pay you up to \$110 a day until you receive the

materials, unless the materials were not sent due to reasons beyond the control of the Administrator. If you have a claim which is denied or ignored, in whole or in part, you may file suit in a federal court. If it should happen that you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.

In any case, the court will decide who will pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds that your claim is frivolous.

If you have any questions regarding the Plan, please contact the Administrator. If you have any questions about this statement or about your rights under ERISA, you may contact the nearest area office of the Employee Benefits Security Administration (formerly the Pension and Welfare Benefits Administration), U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W. Washington, D.C. 20210. You also may obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Appendix A

Participation Agreement

(see attached)

Solid Power, Inc. Executive Change in Control and Severance Plan

Participation Agreement

Solid Power, Inc. (the "Company") is pleased to inform you, the undersigned that you have been selected to participate in the Company's Executive Change in Control and Severance Plan (the "Plan") as a Participant.

A copy of the Plan was delivered to you with this Participation Agreement. Your participation in the Plan is subject to all of the terms and conditions of the Plan. The capitalized terms used but not defined herein will have the meanings ascribed to them in the Plan.

The Plan describes in detail certain circumstances under which you may become eligible for Severance Benefits. As described more fully in the Plan, you may become eligible for certain Severance Benefits if you experience a Qualifying Termination.

1. **Non-CIC Qualifying Termination.** Upon your Non-CIC Qualifying Termination, subject to the terms and conditions of the Plan, you will receive:

(a) **Cash Severance Benefits.** A lump sum payment equal to 6 months of your base salary (less applicable withholding taxes).

(b) **Continued Medical Benefits.** Your reimbursement of continued health coverage under COBRA or taxable lump sum payments in lieu of reimbursement, as applicable, and as described in Section 4.2 of the Plan will be provided for a period 6 months following the date of your Qualifying Termination.

2. **CIC Qualifying Termination.** Upon your CIC Qualifying Termination, subject to the terms and conditions of the Plan, you will receive:

(a) **Cash Severance Benefits.** A lump sum payment equal to the sum of: (i) 12 months of your base salary *plus* (ii) 100% of your annual target bonus in effect for the year of the CIC Qualifying Termination (less applicable withholding taxes).

(b) **Continued Medical Benefits.** Your reimbursement of continued health coverage under COBRA or taxable lump sum payments in lieu of reimbursement, as applicable, and as described in Section 4.2 of the Plan, will be provided for a period of 12 months following the date of your Qualifying Termination.

(c) **Equity Award Vesting Acceleration.** 100% of your then-outstanding and unvested Equity Awards will become vested in full and, to the extent applicable, become immediately exercisable (it being understood that forfeiture of any equity awards due to termination of employment will be tolled to the extent necessary to implement this section (c)). If, however, an outstanding Equity Award is to vest and/or the amount of the award to vest is to be determined based on the achievement of performance criteria, then the Equity Award will vest as to 100% of the amount of the Equity Award assuming the performance criteria had been achieved at target levels for the relevant performance period(s).

3. **Definitions.**

(a) **CIC Qualifying Termination.** "CIC Qualifying Termination" means your termination of employment with the Company (or any parent or subsidiary of the Company) within the Change in Control Period by (i) you for Good Reason, or (ii) the Company (or any parent or subsidiary of the

Company) without Cause (excluding by reason of your death or Disability) such that, as a result of any termination described in this definition, you are no longer employed by the Company or any of its affiliates.

(b) **Non-CIC Qualifying Termination.** "Non-CIC Qualifying Termination" means your termination of employment with the Company (or any parent or subsidiary of the Company) outside the Change in Control Period by (i) you for Good Reason, or (ii) the Company (or any parent or subsidiary of the Company) without Cause (excluding by reason of your death or Disability) such that, as a result of any termination described in this definition, you are no longer employed by the Company or any of its affiliates.

4. **Non-Duplication of Payment or Benefits.** If (a) your Qualifying Termination occurs prior to a Change in Control that qualifies you for Severance Benefits under Section 1 of this Participation Agreement and (b) a Change in Control occurs within the 3-month period following your Qualifying Termination that qualifies you for the superior Severance Benefits under Section 2 of this Participation Agreement, then (i) you will cease receiving any further payments or benefits under Section 1 of this Participation Agreement and (ii) the Cash Severance Benefits, Continued Medical Benefits, and Equity Award Vesting Acceleration, as applicable, otherwise payable under Section 2 of this Participation Agreement each will be offset by the corresponding payments or benefits you already received under Section 1 of this Participation Agreement in connection with your Qualifying Termination (if any).

5. **Exclusive Benefit.** In accordance with Section 8 of the Plan, the benefits, if any, provided under this Plan will be your exclusive benefits related to the termination of your employment with the Company and/or a change in control of the Company and will supersede and replace any severance and/or change in control benefits set forth in any offer letter, employment or severance agreement and/or other agreement between the Participant and the Company or any of its affiliates. For the avoidance of doubt, the Plan shall not supersede or replace any change in control provisions set forth in the Company's 2014 Equity Incentive Plan, as amended and the applicable award agreements thereunder or any equity-based plan, and those provisions shall continue to apply with respect to your outstanding Company equity awards in effect prior to the Effective Date.

In order to receive any Severance Benefits for which you otherwise become eligible under the Plan, you must timely sign and deliver to the Company the Release, which must have become effective and irrevocable within the requisite period, and otherwise comply with the requirements under Section 6 of the Plan.

By your signature below, you and the Company agree that your participation in the Plan is governed by this Participation Agreement and the provisions of the Plan. Your signature below confirms that: (1) you have received a copy of the Executive Change in Control and Severance Plan and Summary Plan Description; (2) you have carefully read this Participation Agreement and the Executive Change in Control and Severance Plan and Summary Plan Description and you acknowledge and agree to its terms in accordance with the terms of the Plan and this Participation Agreement; and (3) decisions and determinations by the Administrator under the Plan will be final and binding on you and your successors.

[Signature page follows]

2

SOLID POWER, INC.

PARTICIPANT

/s/ Douglas Campbell

Signature

/s/ Josh Buettner-Garrett

Signature

Douglas Campbell

Name

Josh Buettner-Garrett

Name

Chief Executive Officer

Title

8/9/2021

Date

Attachment: **Solid Power, Inc. Executive Change in Control and Severance Plan and Summary Plan Description**

[Signature page to the Participation Agreement]

Exhibit B

Section 7 of the Defend Trade Secrets Act of 2016

" . . . An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual—(A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order."



June 9, 2021

James Liebscher

[***]

Subject: Offer of Employment

Dear James,

It is with great pleasure that I offer you a full-time employment position at Solid Power, Inc. ("Company") under the exempt position of Lead Corporate Attorney reporting to the President of Solid Power, Dave Jansen.

The terms of this offer are as follows:

1. Your employment with the Company shall be in accordance with the terms of a Confidential Information, Invention Assignment and Arbitration Agreement (PIA). The PIA shall be signed by both parties on, or prior to, your employment start date.
2. This offer is subject to Company's receipt of documentation to satisfy the I9 requirements establishing your legal authorization to work in the United States of America and the Company's satisfactory completion of reference checks.
3. An annual salary of \$240,000 paid according to the company's standard payroll frequency which is currently semimonthly, on the 10th and the 25th, as well as annual bonus opportunities. Your bonus opportunity for 2021 shall potentially be up to 30% of your base salary dependent on the achievement of both your personal goals for 2021 and the company corporate goals as approved by the Company's Board of Directors.
4. Eligibility for all company benefits effective your start date with the exception of 401k. Participation eligibility for this plan is August 1, 2021. Current benefits include:
 - Comprehensive health insurance plans, including medical, dental and vision, with base employee health coverage at no cost to the employee.
 - Company paid Short-Term Disability (STD) and Long-Term Disability (LTD) insurance.
 - Company paid Life/Accident Death & Dismemberment (AD&D) insurance with the option to purchase additional insurance for employee and dependents.
 - Supplemental Accident insurance, Employee Assistance Plan (EAP), Health Savings Account (HSA) and Flexible Savings Account (FSA) available.
 - Unlimited Paid Time Off (PTO) policy and Six (6) Paid Holidays.
 - Up to six (6) Weeks Paid FMLA Leave.
 - \$100/month cell phone reimbursement.
 - 401(k) retirement plan with a company match up to 4% of annual salary – fully vested.
 - Participation in the Company's Equity Incentive plan.

Your employment start date is anticipated to be June 11th. Kindly affirm your acceptance of this offer by signing and dating below and returning to the Company. Please feel free to contact Steve Fuhrman at [***] or [***] regarding any details of this offer.

Signed,

/s/ Doug Campbell

Doug Campbell, CEO

June 9, 2021

Signed,

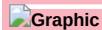
/s/ James Liebscher

James Liebscher

Date: 6/9/2021

486 S. Pierce Ave., Suite E • Louisville, CO 80027 • www.solidpowerbattery.com

Exhibit 10.27

 Graphic

September 30, 2021

Kevin A. Paprzycki

[***]

Subject: Offer of Employment

Dear Kevin,

It is with great pleasure that I offer you a full-time employment position at Solid Power, Inc. ("Company") under the exempt position of Chief Financial Officer reporting to Doug Campbell, Chief Executive Officer. Your start date is expected to be October 25, 2021, subject to standard corporate approvals and satisfactory completion of a directors and officers' questionnaire. As discussed with you, we feel that your skill set is ideally suited to our efforts in building and leading our finance department.

The terms of this offer are as follows:

1. Your employment with the Company shall be in accordance with the terms of a Confidential Information, Invention Assignment and Arbitration Agreement (PIA). The PIA shall be signed by both parties on, or prior to, your employment start date.

2. This offer is subject to Company's receipt of documentation to satisfy the I-9 requirements establishing your legal authorization to work in the United States of America.

3. An annual salary of \$275,000 paid according to the Company's standard payroll frequency, which is currently semimonthly, on the 10th and the 25th. Base salary shall be eligible for review and adjustment following the Company becoming publicly traded.

4. Eligibility for all Company benefits effective the first of the month following your start date, with the exception of 401(k), for which you would be eligible on December 1, 2021. The Company's current benefits include:

- Comprehensive health insurance plans, including medical, dental and vision, with base employee health coverage at no cost to the employee.
- Company paid short-term disability (STD) and long-term disability (LTD) insurance.
- Company paid life/accident death & dismemberment (AD&D) insurance with the option to purchase additional insurance for employee and dependents.

- Supplemental accident insurance, employee assistance plan (EAP), health savings account (HSA) and flexible savings account (FSA) available.
- Unlimited paid time off policy and six paid holidays.
- Up to six weeks paid FMLA leave.
- \$100/month cell phone reimbursement.

 Graphic

- 401(k) retirement plan with a fully vested company match up to 4% of annual salary.
- Participation in the Company's equity incentive plan consisting of an option grant to purchase 325,000 shares of common stock upon commencement of employment, vesting as follows: 1/4 on the first anniversary of the grant date with the balance vesting in a series of 36 successive monthly installments measured from the first anniversary of the grant date.

5. **A cash bonus of up to 35% of the paid annual salary, subject to board approval.**

6. **Company provided housing for eight months following your start date, with amount and structure to be agreed upon prior to commencement of employment.**

7. **Severance protection as set forth in the participation agreement attached as Exhibit A.**

Kindly affirm your acceptance of this offer by signing and dating below and returning to the Company. Please feel free to contact Dave Jansen at [**] or [**] if you have any questions.

Signed,

/s/ Doug Campbell

Doug Campbell, CEO

September 30, 2021

Signed,

/s/ Kevin Paprzycki

Kevin Paprzycki

Date: 9.30.21

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Exhibit 10.30

SEPARATION AND RELEASE AGREEMENT

This SEPARATION AND RELEASE AGREEMENT (this "Agreement"), dated as of the last date on the signature page of this Agreement, is between Solid Power Operating, Inc. (together with its parent company, Solid Power, Inc., collectively the "Company") and Jon Jacobs ("Employee") (collectively, the "parties").

Agreement

In consideration of the mutual promises and covenants contained in this Agreement, the receipt and sufficiency of which is expressly acknowledged, the parties hereby agree as follows:

1. **Separation.** By mutual agreement of Employee and the Company, Employee's employment with the Company is terminated effective as of February 8, 2023 (the "Separation Date"). Effective as of the Separation Date, Employee ceases to hold any position with the Company, whether as an officer, employee, representative, agent, or otherwise.

2. Accrued Obligations:

(a) **Final Wages.** The Company agrees to pay Employee final wages earned through the Separation Date, in each case less legally required deductions and withholdings. Employee will receive these payments regardless of whether Employee signs this Agreement.

(b) **Unemployment Insurance Benefits.** Employee is eligible to apply for unemployment insurance benefits. Provided that Employee accurately reports Employee's dates of employment and compensation, the Company shall not contest any claim Employee may file for unemployment insurance benefits. Whether or not Employee receives any unemployment insurance benefits is determined in the sole discretion of the applicable state agency, not the Company.

(c) **Insurance.** Employee's health insurance benefits will cease on February 28, 2023. To the extent permitted by either the federal Consolidated Omnibus Budget Reconciliation Act or state law ("COBRA"), and the insurance policies and rules applicable to the Company, Employee will be eligible to continue Employee's health insurance benefits at Employee's own expense after that date. Company shall provide Employee with the appropriate notification form setting forth the Employee's rights and responsibilities with regard to continued health insurance coverage.

3. Other Compensation:

(a) **Additional Consideration.** In exchange for: (i) Employee signing and returning this Agreement to the Company on or within 21 calendar days from the date Employee receives it and allowing it to become effective in accordance with its terms, (ii) Employee agreeing to the Non-Solicit Covenants (defined below), and (iii) Employee complying with the terms of this Agreement and the PIAA (defined below), the Company shall pay to Employee an amount equal to 12 months of Employee's current monthly base pay, which equates to a total sum of \$305,000, less all legally required deductions and withholdings ("Additional Consideration"). The Additional Consideration shall be paid to Employee on a ratable bi-weekly basis during the 12-month period applicable to the Non-Solicit Covenants in accordance with the Company's normal payroll procedures; provided, however, that no Additional Consideration shall be earned or due to Employee if the Company determines that Employee has breached the Non-Solicit Covenants or any of Employee's obligations under the PIAA or this Agreement at any time prior to the date on which the Additional Consideration is paid.

(b) **COBRA Premiums.** The Company shall pay to Employee \$10,379.40, less all legally required deductions and withholdings, which is an amount equal to Employee's premiums to continue Employee's group health insurance coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA Premiums") for a period of six months following the Separation Date. The

COBRA Premiums will be paid in one lump sum payment on the Company's first regularly-scheduled payroll date following the 60th day after the Separation Date, provided that, prior to such date, the Company has received this signed Agreement from Employee and it has become effective as set forth in Section 10(e) below.

(c) **No Further Compensation.** As the termination of Employee's employment was by the mutual agreement of the parties hereto, Employee acknowledges Employee is not entitled to any benefits or payments under the Solid Power, Inc. Executive Change in Control and Severance Plan ("Plan") or any participation agreement thereunder and Employee expressly waives the same. Employee acknowledges that Employee has received all compensation to which Employee is entitled, including wages. Employee also acknowledges that Employee is not aware of any fact that would support a claim for unpaid wages. Employee acknowledges and agrees that, as of the Separation Date, Employee will cease to be a participant in the Plan.

4. **Denial of Liability.** The parties acknowledge that the Additional Consideration provided by the Company and the release of claims by Employee pursuant to this Agreement are made in compromise of any potential disputes, that in making such payment or release, the Company and Employee in no way admit any liability to each other and that the parties expressly deny any such liability.

5. **Non-Disparagement.** Employee agrees that Employee has not and will not disparage, slander, make any libelous or derogatory statements about, or attempt to harm the personal or business reputation of, the Company or the Company's owners, managers, agents, employees, officers, or directors, or otherwise attempt to interfere with or impair the Company's business relationships. This non-disparagement provision extends to any form of communication, whether oral, written, or in any electronic form, including via social media and through

communications with current or former employees of the Company. Nothing in this Section, this Agreement, or any other agreement entered into with the Company: (a) will be interpreted or construed to prevent Employee or the Company from giving truthful information to any law enforcement officer, court, administrative proceeding or as part of an investigation by any government agency, (b) is intended to prohibit or restrain Employee or the Company in any manner from making disclosures that are protected under federal law or regulation or under other applicable law or regulation (including disclosures that are protected under the whistleblower provisions of any federal or state law), and/or (c) prevents Employee from discussing or disclosing employee wages, benefits or terms and conditions of employment or information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful (foregoing activities described in the preceding clauses (a)-(c) shall be referred to in this Agreement as the "Protected Communications").

6. **Company Property.** Employee represents and warrants that Employee has returned to the Company all Company documents and all copies thereof and any and other Company property in Employee's possession, custody, or control, including financial information, customer information, customer lists, employee lists, files, notes, cellular telephones, contracts, drawings, records, business plans and forecasts, specifications, computer-recorded information, electronically stored information, software, computer equipment (with all data and files stored thereon intact), tangible property, credit cards, entry cards, identification badges and keys, and any other materials, documents, or things of any kind which contain or embody any proprietary or confidential material of the Company and all reproductions thereof.

7. **Confidential and Proprietary Information/Non-Disclosure.** Employee agrees and acknowledges that Employee continues to be bound by the confidentiality and non-disclosure terms outlined in the Confidential Information, Invention Assignment and Arbitration Agreement, dated September 30, 2021, between Employee and the Company, a copy of which is attached to this Agreement as Exhibit A (the "PIAA").

(a) Notwithstanding anything in the PIAA to the contrary, to the fullest extent permitted under applicable law, and in order to protect the Company's Trade Secrets (as defined in the PIAA), Employee hereby agrees that during the 12-month period following the Separation Date,

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Employee will not directly or indirectly (i) solicit any of the Company's actual customers or vendors with which Employee has had any contact at any time during Employee's employment to cease doing business with the Company, to reduce the quantity of their business with the Company or to purchase products or services that are competitive with the business of the Company; or (ii) solicit, induce, recruit or encourage any of the Company's employees, contractors or consultants to terminate their relationship with the Company or to become employed or engaged as a consultant by Employee or any third party (subclauses (i) and (ii), the "Non-Solicit Covenants").

(b) Notwithstanding anything to the contrary in this Section, this Agreement, or any in the PIAA, Employee acknowledges that the Company has advised Employee that Employee will not be held civilly or criminally liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding; or (c) is made to an attorney or is used in a court proceeding in connection with a lawsuit alleging retaliation for reporting a suspected violation of law, provided that the trade secret is filed under seal and not disclosed except pursuant to court order.

8. **Confidentiality.** The provisions of this Agreement will be held in strictest confidence by Employee and will not be publicized or disclosed by Employee in any manner whatsoever. Notwithstanding the prohibition in the preceding sentence: (a) Employee may disclose this Agreement in confidence to Employee's attorneys, accountants, auditors, tax preparers, and financial advisors, provided that such persons will be informed of the existence of this confidentiality obligation and will agree to be bound thereby to the same extent as Employee; and (b) Employee may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law.

9. **Covenant Not to Sue and Release of Claims by Employee.**

(a) In consideration for the Separation Benefits set forth in this Agreement and the mutual covenants of the parties, Employee agrees to unconditionally release from and covenant not to sue or assert against the Company and all of its past and present parent

companies, subsidiaries, related entities, shareholders, directors, members, trustees, officers, current and former employees, agents, insurers, attorneys, predecessors, successors, and assignees (collectively, the "Releasees"), all causes of action, claims, liabilities, and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date Employee signs this Agreement, including (without limitation) (i) all claims pertaining to or arising from the employment relationship of the parties and the termination of such employment relationship, (ii) all claims pertaining to or arising from Employee's compensation or benefits from the Company, including salary, bonuses, incentive compensation, commissions, paid time off, expense reimbursements, severance or change in control benefits under the Plan or otherwise, notice rights, retention benefits, fringe benefits, stock, stock options, units, or any other ownership interests in the Company; (iii) all claims for breach of contract (oral or written), wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, inducement, misrepresentation, defamation, emotional distress, and discharge in violation of public policy; (v) all constitutional, federal, state, and local statutory and common law claims, including, but not limited to, claims for discrimination, harassment, retaliation, interference, attorneys' fees, and/or other claims arising under: (A) Title VII of the Civil Rights Act of 1964, as amended; (B) the Colorado Anti-Discrimination Act; (C) the Family and Medical Leave Act; (D) the Americans with Disabilities Act; (E) the Families First Coronavirus Response Act; (vi) all claims arising from any theory under common law, such as breach of contract, express or implied; promissory estoppel; detrimental reliance; wrongful discharge; tortious interference with contract rights; infliction of emotional distress; and defamation; and (vii) all claims for attorneys' fees and costs. The parties intend this waiver to be interpreted and applied as broadly as possible.

(b) This Agreement does not affect the Employee's right to engage in any Protected Communications or to file a charge with, communicate with, or participate in an investigative or other

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proceeding before the Occupational Safety and Health Administration, the Securities and Exchange Commission, the Equal Employment Opportunity Commission, state civil rights agency, or another federal, state, or local government agency or to communicate or cooperate with any such agency in its investigation or proceedings, none of which shall constitute a breach of this Agreement. While this Agreement does not limit Employee's right to receive an award for information provided to the Securities and Exchange Commission, Employee understands and agrees that, to maximum extent permitted by law, Employee is expressly waiving Employee's right to any relief, recovery, attorney fees, or other monies in connection with any such complaint, charge, or proceeding brought against the Releasees, regardless of who filed or initiated any such complaint, charge, or proceeding.

(c) Causes of action as used in this Section 9 means all claims, causes, judgments, damages, losses, liabilities, and demands of any kind, whether intentional or negligent, known or unknown, in law or in equity, individually or as part of a class or collective action, occurring on or prior to the date of execution of this Agreement, arising under any constitution, federal, state, or local law(s).

(d) The general release and covenant not to sue does not apply to claims under federal, state, or local law (statutory, regulatory, or otherwise) that may not be lawfully waived and released, including vested retirement benefits (if any), COBRA rights, unemployment compensation, and workers' compensation.

(e) Further, nothing in this Agreement is intended to release Employee's right, if any, to continuing health insurance, rights under the 2014 Equity Incentive Plan, the 2021 Equity Incentive Plan, the 2021 Employee Stock Purchase Plan, or 401(k) plan. Further, the Company makes no representations as to Employee's rights under any benefit plans, including the 2014 Equity Incentive Plan, the 2021 Equity Incentive Plan, the 2021 Employee Stock Purchase Plan, or 401(k) plan.

10. **Age Discrimination in Employment Act and Older Workers Benefit Protection Act Release.** In addition to the General Release contained in Section 9, Employee knowingly and voluntarily discharges and releases Releasees from any claims arising under the Age Discrimination in Employment Act. Employee acknowledges that Employee has been informed pursuant to the Older Workers Benefit Protection Act that:

(a) Employee is advised to consult with an attorney before signing this Agreement.

(b) Employee does not waive rights or claims under the Age Discrimination in Employment Act that may arise after the date this Agreement is executed.

(c) Employee has 21 days from the date of receipt of this Agreement to consider this Agreement. Employee acknowledges that if Employee signs this Agreement before the end of the 21-day period, it will be Employee's personal, voluntary decision to do so, and that Employee has not been pressured to make a decision sooner. Employee further agrees and acknowledges that any changes to this Agreement, whether material or immaterial, do not restart the 21-day period.

(d) Employee has seven days after signing this Agreement to revoke this Agreement, and this Agreement will not be effective until that revocation period has expired. If mailed, the rescission must be postmarked within the seven-day period, properly addressed to Stacy Morse of the Company's Human Resources Department [***].

(e) This Agreement shall not be effective or enforceable, and no payments or benefits under this Agreement shall be provided, until after the seven day revocation period has expired. Employee understands that Employee will not receive any Separation Benefits if Employee voids Employee's signature or revokes this Agreement.

11. **Representations.** Employee hereby represents that, as of the date of this Agreement: Employee has been paid all compensation owed and for all time worked; Employee has received all the leave and leave benefits and protections for which Employee is eligible pursuant to applicable federal or state law or Company policy; and Employee has not suffered any on-the-job injury or illness for which Employee has not already filed a workers' compensation claim.

12. **References.** The parties agree that, if requested, the Company will inform any third party, including prospective employers, of the Employee's dates of employment and position(s) held. Employee hereby authorizes the Company to release such information in response to any inquiries from third parties concerning Employee. Employee will direct all prospective employers to contact Company's Chief Legal Officer.

13. **Covenant Not to Seek Reemployment.** Employee agrees that Employee will not apply for or seek employment or reemployment with the Company.

14. **Applicable Law; Binding Arbitration; Injunctive Relief.**

(a) This Agreement will be governed by the laws of Colorado without reference to conflict of laws principles.

(b) Any controversy arising out of or relating to this Agreement or the breach or threatened breach of this Agreement, or any claim or action to enforce this Agreement or portion thereof, or any controversy or claim requiring interpretation of this Agreement must be brought in accordance with the arbitration provisions set forth in Section 12 of Exhibit B to the PIAA, the terms of which are incorporated herein, *mutatis mutandis*.

(c) Employee agrees that Employee's breach or threatened breach of this Agreement will entitle the Company, in addition to any other remedy available at law or in equity, to recover the Additional Consideration from Employee as liquidated damages and not as a penalty, with the remaining monetary consideration serving as valid consideration for this Agreement. Because of the difficulty of ascertaining damages in the event of a breach of this Agreement, in addition to any other remedy available at law or in equity, Employee expressly agrees the Company also may enforce the provisions of this Agreement through injunctive relief and Employee agrees the Company will not be required to establish any irreparable injury other than the breach of this Agreement. The Company will not be required to post any bond or surety, which Employee hereby waives.

15. **Section 409A.** It is intended that all of the Additional Consideration and other payments payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of the US Internal Revenue Code Section 409A provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent not so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A. For purposes of Code Section 409A (including, without limitation, for purposes of Treasury Regulation Section

1.409A-2(b)(2)(iii)), Employee's right to receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if Employee is deemed by the Company at the time of Employee's Separation Date to be a "specified employee" for purposes of Code Section 409A(a)(2)(B)(i), and if any of the payments upon "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h)) set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation," then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to Employee prior to the earliest of (i) the expiration of the six-month period measured from the date of Employee's Separation from Service with the Company, (ii) the date of Employee's death or (iii) such earlier date as permitted under Section 409A without the imposition of

adverse taxation. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section shall be paid in a lump sum to Employee, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred.

16. **Successors and Further Assurances.** The parties agree that by entering into this Agreement they do not intend to confer any benefits privileges or rights to others. Subject to the successors and assigns listed below, this Agreement is strictly between the parties, and it will not be construed to vest in any other the status of third-party beneficiary. This Agreement will bind and inure to the benefit of the heirs, personal representatives, successors, assigns, executors, and administrators of each party. The parties agree to perform any lawful additional acts, including the execution of additional agreements, as are reasonably necessary to effectuate the purpose of this Agreement.

17. **Miscellaneous.** This Agreement, along with the PIAA, the 2014 Equity Incentive Plan Stock Option Grant Notice and Option Agreement, and the 2021 Equity Incentive Plan Notice of Restricted Stock Unit Grant and Restricted Stock Unit Agreement (which are separate agreements and obligations and shall remain in full force and effect in accordance with their terms following the Separation Date), is the entire agreement between the parties relating to the subject matter of this Agreement. No modification of this Agreement will be valid unless in writing signed by each party. No waiver of rights arising under this Agreement is effective unless made expressly in writing by the party waiving such rights. If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to law, the remaining provisions of this Agreement will remain in full force and effect. The term "including" is deemed to mean "including, without limitation" when used in this Agreement. The terms "herein," "hereunder" and similar terms when used in this Agreement mean under and within this Agreement. All references to Sections and Exhibits in this Agreement refer to Sections and Exhibits in this Agreement. This Agreement may be executed and delivered by each party in separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same Agreement. This Agreement, and any amendments to this Agreement, to the extent signed and delivered by means of PDF or other electronic transmission, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. Any such signature page shall be effective as a counterpart signature page to this Agreement without regard to page, document, or version numbers or other identifying information, which are for convenience of reference only. At the request of a party, the other party shall re-execute original forms thereof and deliver them to the other party.

18. **Acknowledgments by Employee.** By signing below, Employee acknowledges and agrees that: (i) Employee has carefully reviewed and understands this Agreement; (ii) Employee has been given a reasonable amount of time to review and consider the Agreement; (iii) Employee enters into and signs this Agreement voluntarily; (iv) the release and waivers Employee has made are knowing, conscious, and with full appreciation that Employee is forever foreclosed from pursuing any of the rights or claims so waived; (v) the promises made by the Company herein constitute sufficient and legal consideration for Employee's agreement hereunder and are in addition to anything of value to which Employee is already entitled; and (vi) Employee understands that if Employee does not return this Agreement, signed by Employee, by March 2, 2023, this offer will expire.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the respective dates set forth below.

EMPLOYEE:

Dated: February 10, 2023

/s/ Jon Jacobs

Jon Jacobs

SOLID POWER OPERATING, INC.

Dated: February 10, 2023

By: */s/ David Jansen*

Name: David Jansen

Title: Interim Chief Executive Officer and President

SIGNATURE PAGE TO SEPARATION AND RELEASE AGREEMENT

Exhibit A

PIAA

(see attached)

[*]**

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the **following** Registration **Statements** **Statements**:

- (1) **Registration Statement** (Form S-8 No. 333-262714) of Solid Power, Inc.,
- (2) **Registration Statement** (Form S-3 No. 333-261711) of Solid Power, Inc.;

of our report dated **March 1, 2023** **February 28, 2024**, with respect to the consolidated financial statements of Solid Power, Inc., included in this Annual Report (Form 10-K) of Solid Power, Inc. for the year ended **December 31, 2022** **December 31, 2023**.

/s/ Ernst & Young LLP

Denver, **CO** Colorado

March 1, 2023 **February 28, 2024**

Exhibit 31.1

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE
SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION
302 OF THE SARBANES-OXLEY ACT OF 2002**

I, **David Jansen, John Van Scoter**, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended **December 31, 2023** of Solid Power, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **March 1, 2023** **February 28, 2024**

By: /s/ **David Jansen** **John Van Scoter**

David Jansen **John Van Scoter**

Interim President and Chief Executive Officer and President

(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE
SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION
302 OF THE SARBANES-OXLEY ACT OF 2002**

I, **Kevin Paprzycki**, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2023 of Solid Power, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **March 1, 2023** **February 28, 2024**

By: /s/ **Kevin Paprzycki**

Kevin Paprzycki

Chief Financial Officer and Treasurer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Solid Power, Inc. (the "Company") on Form 10-K for the period ended **December 31, 2022** **December 31, 2023** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, to the best of my knowledge, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **March 1, 2023** **February 28, 2024**

By: /s/ David Jansen John Van Scoter
David Jansen John Van Scoter
Interim President and Chief Executive Officer and President
(Principal Executive Officer)

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Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Solid Power, Inc. (the "Company") on Form 10-K for the period ended **December 31, 2022** **December 31, 2023** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, to the best of my knowledge, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **March 1, 2023** **February 28, 2024**

By: /s/ Kevin Paprzycki
Kevin Paprzycki
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

SOLID POWER, INC.

POLICY ON RECOVERY OF INCENTIVE COMPENSATION

(Adopted on November 2, 2023)

A. INTRODUCTION

Solid Power, Inc., a Delaware corporation (the "Company"), has adopted this Policy on Recovery of Incentive Compensation (this "Policy"), which provides for the recovery of compensation in certain circumstances in the event of a restatement of financial results by the Company. This Policy is intended to comply with the requirements of Securities and Exchange Commission ("SEC") rules and Nasdaq Stock Market ("Nasdaq") listing standards implementing Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act").

B. ADMINISTRATION

The Human Resources and Compensation Committee (the "HRCC") of the Board of Directors of the Company (the "Board") administers this Policy. Any determinations made by the HRCC will be final and binding on all affected individuals. The HRCC is authorized to interpret and construe this Policy and make all determinations necessary, appropriate, or advisable for the administration of this Policy, in all cases consistent with SEC rules and Nasdaq listing standards.

C. PERSONS COVERED BY THIS POLICY

This Policy applies to any current or former "executive officer," within the meaning of Rule 10D-1(d) under the Securities Exchange Act of 1934, as amended, of the Company (each such individual, an "Executive"). This Policy shall be binding and enforceable in accordance with its terms against all Executives and their beneficiaries, executors, administrators, and other legal representatives.

D. RECOVERY UPON FINANCIAL RESTATEMENT

If the Company is required to prepare an accounting restatement due to material noncompliance by the Company with any financial reporting requirement under the securities laws, including a required accounting restatement to correct an error in previously issued financial statements that (i) is material to the previously issued financial statements or (ii) would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "Financial Restatement"), the HRCC will cause the Company to recover from each Executive, as promptly as reasonably possible, any erroneously awarded Incentive-Based Compensation (as defined below).

E. NO-FAULT RECOVERY

Recovery under this Policy is required regardless of whether the Executive or any other person (i) was at fault or responsible for accounting errors that contributed to the need for the Financial Restatement or (ii) engaged in any misconduct.

F. RECOVERY PERIOD

The "Recovery Period" is (i) the three completed fiscal years immediately preceding the date on which the Company is required to prepare the Financial Restatement, as determined in accordance with the last sentence of this paragraph, or (ii) any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years, provided that a transition period between the last day of

the Company's previous fiscal year and the first day of its new fiscal year that comprises a period of nine to twelve months would be deemed a completed fiscal year. The date on which the Company is required to prepare a Financial Restatement is the earlier to occur of (i) the date the Board or a Board committee or, if Board action is not required, the authorized officers of the Company conclude(s) or reasonably should have concluded that the Company is required to prepare a Financial Restatement or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare a Financial Restatement.

G. INCENTIVE-BASED COMPENSATION

For purposes of this Policy, "Incentive-Based Compensation" means compensation that is granted, earned, or vested based wholly or in part upon the attainment of any financial reporting measure. A "financial reporting measure" means a measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measure that is derived wholly or in part from such measures, whether or not presented within the Company's financial statements or included in a filing with the SEC, including stock price and total shareholder return ("TSR"). Incentive-Based Compensation includes, for example, compensation such as performance-based cash, stock, options, or other equity-based awards.

Incentive-Based Compensation does not include, and this Policy does not apply to, compensation granted, earned, or vested based solely upon the occurrence of non-financial events, such as base salary, restricted stock, or options with time-based vesting, or a bonus awarded solely at the discretion of the Board or HRCC and not based on the attainment of any financial measure.

H. COMPENSATION SUBJECT TO RECOVERY; ENFORCEMENT

This Policy applies to all Incentive-Based Compensation received by an Executive (i) after beginning service as an Executive, (ii) who served as an Executive at any time during the performance period for the applicable Incentive-Based Compensation, and (iii) during the Recovery Period.

In the event of a Financial Restatement, the amount of Incentive-Based Compensation to be recovered will be the excess of:

- (i) The Incentive-Based Compensation received by the Executive during the Recovery Period, based on the erroneous data and calculated, over
- (ii) the Incentive-Based Compensation that would have been received by the Executive with respect to such period had it been calculated based on the restated financial information, as determined by the HRCC,

in each case computed without regard to any taxes paid. For this purpose, Incentive-Based Compensation is considered to have been received by an Executive in the fiscal year during which the applicable financial reporting measure was attained, regardless of when the payment or grant of such Incentive-Based Compensation occurs.

For Incentive-Based Compensation based on stock price or TSR, where the amount of erroneously awarded Incentive-Based Compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, (i) the HRCC shall determine the amount to be recovered based on a reasonable estimate of the effect of the Financial Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received and (ii) the Company shall document the determination of that estimate and provide such documentation to Nasdaq.

The Company may use any available legal or equitable remedies to recover any erroneously awarded Incentive-Based Compensation, including collecting a cash payment or shares of Company common stock from the Executive, cancelling outstanding vested or unvested equity awards to the Executive, or forfeiting any amounts the Company owes to the Executive. The Company is entitled to seek recovery of erroneously awarded

Incentive-Based Compensation regardless of the terms of any release of claims or separation agreement the Executive may have signed.

I. NO INDEMNIFICATION

Neither the Company nor any of its affiliates shall indemnify any Executive against any losses incurred by such Executive under this Policy or pay or reimburse any Executive for any insurance premiums for insurance to cover any such losses.

J. EXCEPTIONS

Compensation subject to recovery under this Policy shall not include Incentive-Based Compensation received by an Executive (i) prior to beginning service as an Executive or (ii) if he or she did not serve as an Executive at any time during the applicable Recovery Period. In addition, the HRCC may determine not to seek recovery from an Executive in whole or part to the extent it determines that such recovery would be impracticable because (i) the direct expense paid to a third party to assist in enforcing recovery would exceed the recoverable amount, provided that, prior to determining that recovery would be impracticable, the Company shall (a) make a reasonable attempt to recover the erroneously awarded Incentive-Based Compensation, (b) document such attempt, and (c) provide corresponding documentation of such attempt to Nasdaq; (ii) recovery would violate home country law that was adopted prior to November 28, 2022, provided that, prior to determining that recovery would violate an applicable home country law, the Company shall (a) obtain an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation and (b) provide such opinion to Nasdaq; or (iii) recovery would likely cause an otherwise tax-qualified retirement plan of the Company or its affiliates (such as the Company's 401(k) plan) to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

K. OTHER REMEDIES NOT PRECLUDED

The exercise by the HRCC of any rights pursuant to this Policy is without prejudice to any other rights or remedies that the Company, the Board, or the HRCC may have with respect to any Executive subject to this Policy.

L. EFFECTIVE DATE

This Policy shall apply to any Incentive-Based Compensation that is received by an Executive on or after October 2, 2023.

M. AMENDMENTS

The HRCC reserves the right to amend this Policy at any time, for any reason, subject to applicable laws, rules, and regulations, and with or without notice, although it will attempt to provide notice in advance of any change. Any amendments to this Policy must be approved by the HRCC.

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