

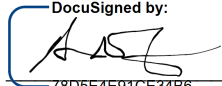


Attention: US Shareholders of ACON S2 Acquisition Corp.

Re: 2021 PFIC Annual Information Statement

On October 8, 2021, ACON S2 Acquisition Corp. ("STWO"), a publicly traded special purpose acquisition company, consummated a merger with ESS Tech, Inc. ("ESS"). Pursuant to the terms of the merger, STWO deregistered with the Cayman Islands Companies Act and registered as a corporation in the State of Delaware under ESS. We have therefore enclosed in the following pages the 2021 PFIC Annual Information Statement for US shareholders who held Class A ordinary shares in ACON S2 Acquisition Corp. during the taxable period beginning on January 1, 2021 and ending on October 8, 2021.

ACON S2 Acquisition Corp.

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By: Adam Kriger  
Title: CEO

ACON S2 Acquisition Corp.  
1133 Connecticut Avenue NW, Ste. 700  
Washington, DC 20036  
U.S. Tax ID# 98-1550150

### **Supplemental U.S. Federal Income Tax Considerations**

As discussed more fully in the registration statement on Form S-1 (Reg. No. 333-248515), originally filed with the U.S. Securities and Exchange Commission on August 31, 2020, as thereafter amended and supplemented from time to time, under the section captioned “Taxation — United States Federal Income Tax Considerations — U.S. Holders — Passive Foreign Investment Company Rules” (the “**Tax Disclosure**”), if we are a passive foreign investment company, or a “PFIC,” for any taxable year, U.S. Holders (as defined in the Tax Disclosure) of our Class A ordinary shares or warrants may be subject to adverse U.S. federal income tax consequences with respect to distributions from and sales of our stock, and may be subject to additional reporting requirements.

Based on our assets and the nature of our income, we believe it is likely that we were a PFIC for our taxable years ended December 31, 2020 and October 8, 2021. You should consult the Tax Disclosure and your own tax advisor for more details regarding the factors relevant to such determination and the potential consequences to you of such determination.

As described in further detail in the Tax Disclosure, a U.S. Holder generally may mitigate certain adverse PFIC tax consequences with respect to our Class A ordinary shares (but not warrants) by timely and validly making one of the two following elections for our first taxable year during which such holder held our Class A ordinary shares and during which we were a PFIC: (1) a qualifying electing fund (“**QEF**”) election, under which the U.S. Holder generally must include in its taxable income its ratable share of our annual income on a current basis, or (2) a “mark-to-market” election, under which the U.S. Holder generally must include in its taxable income on an annual basis the excess, if any, of the fair market value of the Class A ordinary shares at the end of a taxable year over its adjusted basis in such shares.

Exhibit A contains a PFIC annual information statement to enable U.S. Holders to make a QEF election with respect to our taxable year ended October 8, 2021. If you are a U.S. Holder who held our shares (but not warrants) at any point during your taxable year that includes October 8, 2021, you should consult your own tax advisor regarding the advisability of making a QEF election with respect to our Class A ordinary shares for such taxable year, and the procedures necessary to validly make and maintain such election.

If you are a U.S. Holder who owned Class A ordinary shares during our taxable years ended December 31, 2020 and October 8, 2021 and will make a QEF election with respect to our taxable year ended October 8, 2021, but you did not make a QEF election or a mark-to-market election with respect to our taxable year ended December 31, 2020, then you may be able to avoid future adverse PFIC tax consequences on subsequent distributions with respect to our Class A ordinary shares and/or dispositions of our Class A ordinary shares by making one of two “purging” elections with respect to our tax year ended December 31, 2020.

The first election, which is described in the Tax Disclosure, is a “deemed sale election.” If a U.S. Holder makes such election, the holder will be deemed to have sold its shares on January 1, 2021

at their then fair market value. Any gain recognized on such deemed sale is treated as an “excess distribution,” which, as discussed in the Tax Disclosure, is generally subject to tax at ordinary rates and an interest charge.

The second election is a “deemed dividend election,” which is available only for periods in which we are also treated as a “controlled foreign corporation” (a “CFC”) for U.S. federal income tax purposes. Very generally, we will be treated as a CFC in any year if more than 50% of our vote or our value is controlled or owned (directly, indirectly or constructively) by U.S. persons who control or own 10% or more of our vote or value (directly, indirectly or constructively) in such year. Based on the beneficial ownership and control of our Class B ordinary shares (the holders of which, prior to a business combination, have the exclusive right to vote on the election of our directors), we believe, and intend to take the position that, we were a CFC for our taxable year ended December 31, 2020. Assuming this treatment is correct, a U.S. Holder may choose to make the deemed dividend election with respect to our 2020 tax year. If a U.S. Holder is eligible and so chooses to make the deemed dividend election, the holder will be treated as having received an “excess distribution” on January 1, 2021 of its ratable share of our earnings and profits calculated as of December 31, 2020. The rules regarding the determination of a foreign corporation’s CFC status are complex, and there is no assurance that the Internal Revenue Service or a court of law will agree with our determination with respect to our status as such. Each U.S. Holder that held our shares during our taxable year ended December 31, 2020 is urged to consult its tax advisors regarding (i) the availability of the deemed dividend election in connection with its own particular circumstances and the tax consequences to it of making a deemed dividend election and (ii) the procedures necessary to make such election.

Both the deemed sale and deemed dividend elections with respect to our taxable year ended December 31, 2020 must be accompanied by a QEF election with respect to our taxable year ended October 8, 2021. U.S. Holders may make each purging election on Form 8621, which, as further described in the Tax Disclosure with respect to QEF elections, must be attached to the U.S. federal income tax return for the holder’s tax year to which the elections relate.

Exhibit B attached hereto contains information necessary for U.S. Holders to comply with the requirements of a deemed dividend election with respect to our taxable year ended December 31, 2020. In particular, in addition to the PFIC annual information statement to enable holders to make a QEF election for our taxable year ended October 8, 2021, Exhibit B provides our earnings and profits for our taxable year ended December 31, 2020 allocable to each Class A ordinary share to enable U.S. Holders making the deemed dividend election to compute their deemed dividend amount with respect to such year.

The rules dealing with PFICs and with the QEF and mark-to-market elections are very complex and are affected by various factors in addition to those described above. U.S. Holders are urged to review the Tax Disclosure for additional information and to consult their own tax advisors.

**The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a holder’s particular situation. Holders are urged to consult their own tax advisors with respect to the tax consequences to them of the acquisition, ownership and disposition of our Class A ordinary shares and warrants,**

**including the tax consequences under state, local, estate, foreign and other tax laws and tax treaties and the possible effects of changes in U.S. or other tax laws.**

**Exhibit A – 2021 Information for QEF Election**

- 1) This Information Statement applies to the tax year of ACON S2 Acquisition Corp. (the “**Company**”) for the year beginning on January 1, 2021 and ending on October 8, 2021.
- 2) The per-share, per-day amounts of ordinary earnings and net capital gains for Class A shares for the period specified in paragraph (1) are provided in the below chart.

<b>Share Class</b>	<b>Ordinary Earnings Per-day per-share (US\$)</b>	<b>Net Capital Gains Per-day per-share (US\$)</b>
<b>Class A Shares</b>	<b>NONE</b>	<b>NONE</b>

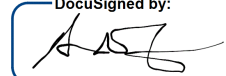
To determine your pro-rata share of the amounts of ordinary earnings and net capital gains your Class A shares of the Company earned, as noted above, multiply the per-day, per-share amounts indicated by the number of Class A shares that you held and the number of days you held the shares during the period specified in paragraph (1). If the number of shares you held changed during the year, you will be required to make multiple calculations to determine your taxable income.

- 3) The amount of cash and fair market value of other property distributed or deemed distributed by the Company per Class A share during the Company's taxable year specified in paragraph (1):

**Cash and fair market value of other property  
distributed or deemed distributed:**

**NONE**

- 4) The Company will, upon receipt of a request, permit you to inspect and copy its permanent books of account, records, and other such documents as may be maintained by the Company that are necessary to establish its ordinary earnings and net capital gains computed in accordance with U.S. income tax principles under IRC Section 1293 and to verify these amounts and your pro-rata share thereof.

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By: Adam Kriger  
 Title: CEO  
 Date: 3/28/2022

**Exhibit B – Deemed Dividend Election**

- 1) The following information included on this Information Statement applies to the tax year of ACON S2 Acquisition Corp. (the “**Company**”) for the year beginning on July 21, 2020 and ending on December 31, 2020.
- 2) The per-share, per-day amounts of ordinary earnings and net capital gains for Class A shares for the period specified in paragraph (1) are provided in the below chart.

<b>Share Class</b>	<b>Deemed Dividend Amount per-day per-share (US\$)</b>
<b>Class A Shares</b>	<b>NONE</b>

To determine your pro-rata share of the amount of deemed dividend income received in respect of your Class A shares of the Company, as noted above, multiply the per-day, per-share amounts indicated by the number of Class A shares that you held and the number of days you held the shares during the period specified in paragraph (1). If the number of shares you held changed during the year, you will be required to make multiple calculations to determine your taxable income.

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By: Adam Kriger  
Title: CEO  
Date: 3/28/2022