

REFINITIV

## DELTA REPORT

### 10-K

HYLIION HOLDINGS CORP.

10-K - DECEMBER 31, 2024 COMPARED TO 10-K - DECEMBER 31, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS** 2543

■ CHANGES	183
■ DELETIONS	1241
■ ADDITIONS	1119

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

FORM 10-K

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

For the fiscal year ended **December 31, 2023** December 31, 2024

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 001-38823



**HYLIION HOLDINGS CORP.**

(Exact name of registrant as specified in its charter)

Delaware	83-2538002
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1202 BMC Drive, Suite 100 Cedar Park, Texas	78613
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(833) 495-4466**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock</b>	<b>HYLN</b>	<b>The New York Stock Exchange NYSE American LLC</b>
\$0.0001 per share		

**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 15(d) of the 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, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 Act). Yes  No

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant as of **June 30, 2023** **June 30, 2024**, based upon the closing price of such stock on The New York Stock Exchange on such date of **\$1.67**, **\$1.62**, was **\$245 million** **\$224 million**. This calculation excludes shares held by the registrant's current directors and executive officers and stockholders that the registrant has concluded are affiliates of the registrant.

As of **February 6, 2024** **February 20, 2025**, **183,208,375** **174,820,174** shares of the registrant's common stock, par value \$0.0001 per share, were outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the **2024** **2025** Annual Meeting of Stockholders, to be filed no later than 120 days after the end of the fiscal year to which this Annual Report on Form 10-K relates, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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#### TABLE OF CONTENTS

<u>PART I</u>	1
<u>ITEM 1. BUSINESS</u>	1
<u>ITEM 1A. RISK FACTORS</u>	9 10
<u>ITEM 1B. UNRESOLVED STAFF COMMENTS</u>	17 19
<u>ITEM 1C. CYBERSECURITY</u>	17 19
<u>ITEM 2. PROPERTIES</u>	18 20
<u>ITEM 3. LEGAL PROCEEDINGS</u>	19 21
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	19 21
<u>PART II</u>	20 22
<u>ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	20 22
<u>ITEM 6. RESERVED</u>	20 22
<u>ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	20 22
<u>ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	28
<u>ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	F-1
<u>ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	47
<u>ITEM 9A. CONTROLS AND PROCEDURES</u>	47
<u>ITEM 9B. OTHER INFORMATION</u>	47
<u>ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS</u>	47
<u>PART III</u>	48
<u>ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	48
<u>ITEM 11. EXECUTIVE COMPENSATION</u>	48
<u>ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	48
<u>ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE</u>	48
<u>ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES</u>	48
<u>PART IV</u>	49
<u>ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES</u>	49
<u>ITEM 16. FORM 10-K SUMMARY</u>	51

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K ("Form 10-K") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact, contained in this Annual Report on Form 10-K are forward-looking statements, including, but not limited to, statements regarding our strategy, prospects, plans, objectives, future operations, future revenue and earnings, projected margins and expenses, markets for our services, potential acquisitions or strategic alliances, financial position, and liquidity and anticipated cash needs and availability. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would," variations of such words and similar expressions or the negatives thereof are intended to identify forward-looking statements. However, not all forward-looking statements contain these identifying words. These forward-looking statements represent our management's expectations as of the date of this filing and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We cannot guarantee the accuracy of the forward-looking statements, and you should be aware that results and events could differ materially and adversely from those contained in the forward-looking statements due to a number of risks and uncertainties including, but not limited to, those described in the section entitled "Risk Factors" included in this Annual Report on Form 10-K and in other documents we file from time to time with the U.S. Securities and Exchange Commission (the "Commission" or the "SEC") that disclose risks and uncertainties that may affect our business. Readers are urged to carefully review and consider the various disclosures made in this Annual Report on Form 10-K and in other documents we file from time to time with the Commission. Furthermore, such forward-looking statements speak only as of the date of this Annual Report on Form 10-K. Except as required by law, we do not undertake, and expressly disclaim any duty, to publicly update or revise these statements, whether as a result of new information, new developments, or otherwise and even if experience or future changes make it clear that any projected results expressed in this Annual Report on Form 10-K or future quarterly reports, press releases or company statements will not be realized. Unless specifically indicated otherwise, the forward-looking statements in this Form 10-K do not reflect the potential impact of any divestitures, mergers, acquisitions or other business combinations that have not been completed as of the date of this filing. In addition, the inclusion of any statement in this Annual Report on Form 10-K does not constitute an admission by us that the events or circumstances described in such statement are material. We qualify all of our forward-looking statements by these cautionary statements. In addition, the industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors including those described in the section entitled "Risk Factors." These and other factors could cause our results to differ materially from those expressed in this Annual Report on Form 10-K.

### Note Regarding Third-Party Information

Unless otherwise indicated, information contained in this Annual Report on Form 10-K concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market size, is based on information from various sources, on assumptions that we have made that are based on those data and other similar sources, and on our knowledge of the markets for our services. This information includes a number of assumptions and limitations, and you are cautioned not to give undue weight to such information. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section entitled "Risk Factors" and elsewhere in this Annual Report on Form 10-K and in other documents we file from time to time with the Commission that disclose risks and uncertainties that may affect our business. These and other factors could cause results to differ materially and adversely from those expressed in the estimates made by third parties and by us.

Unless otherwise indicated or unless the context requires otherwise, all references in this document to "Hylion," "our company," "we," "us," "our," and similar names refer to Hylion Holdings Corp. and, where appropriate, its subsidiary.

## Part I

### ITEM 1. BUSINESS

#### Overview

Hylion Holdings Corp. is a Delaware corporation headquartered in Cedar Park, Texas, with research and development ("R&D") facilities in Cincinnati, Ohio, and listed on the NYSE, that designs and develops power generators for stationary and mobile applications. References to the "Company," "Hylion," "we," or "us" in this report refer to Hylion Holdings Corp. and its wholly owned subsidiary, unless expressly indicated or the context otherwise requires. The Company was incorporated on November 7, 2018, and is listed on the NYSE American.

Hylion is committed to creating innovative solutions that enable clean, flexible efficient, and modular flexible electricity production while contributing positively to the environment in the energy economy. In September 2022, we acquired assets including new hydrogen and fuel-agnostic-capable generator technology from General Electric Company's GE Additive business ("Hylion's primary product offering, the KARNO generator"). The KARNO™ generator, is a modular, fuel-agnostic power generation solution, enabled by additive manufacturing, that manufactures. The KARNO generator leverages a thermal converter coupled to a linear heat engine generator to generate produce electricity with significant improvements in efficiency, emissions and lifecycle cost compared to conventional generators. The Company's primary focus is to provide Hylion's KARNO generators enable effective distributed power generators that operate on various generation using a wide range of fuel sources, to future-proof for an ever-changing energy economy. Hylion is addressing the commercial space first with a locally deployable generator that can offer prime power, backup power, peak demand reduction, renewables matching and power generation from including conventional fuels, waste fuels such as landfill gas, wellhead gas, and flare gas. In zero carbon fuels such as renewable hydrogen and ammonia. Hylion is initially targeting the future, the commercial and industrial sectors with a locally-deployable generator designed to meet a wide range of power generation needs. The Company plans to scale up its generator solution to address larger utility-scale power needs and to develop future variants for industrial waste heat, household use and mobile e-mobility applications such as vehicles and marine, marine vessels. Additionally, the generator technology is well-suited to provide combined heat and power ("CHP") in various stationary applications.

#### Strategic Business Developments

During In September 2024, Hylion was awarded a cost-plus-fixed-fee contract of up to \$16 million by the third quarter United States Department of fiscal year 2023 and prior, Hylion offered the Hylion Hybrid system Navy's Office of Naval Research ("Hybrid" ONR), an electrified powertrain system that augments existing Class 8 semi-trucks to improve vehicle performance or reduce fuel usage, depending on application. The Hybrid system could be installed on new vehicles prior to entering service, or retrofit onto existing in-service vehicles, allowing customers to use their preferred vehicle brands and maintain their existing fleet maintenance and operations strategies. The Company began selling assesses the Hybrid system in late 2021, with deployments to fleets in the transportation and logistics sector in a variety of duty cycles, use cases, and geographical regions. The Company also continued development suitability of its Hypertruck ERX powertrain platform ("Hypertruck ERX"), a complete electrified powertrain system KARNO generator for Navy vessels and stationary power applications. The contract aligns with ONR's objective of leveraging an onboard compact natural-gas-fueled generator to supplement battery range to transform an OEM platform into a range extended electric vehicle.

Companies in the truck electrification space (including Hylion) continue to face a number of challenges and headwinds as they develop and scale the production of new clean vehicles, and as customers deploy these vehicles in their fleets. For Hylion, these challenges have included, a slower-than-anticipated market transition to electric truck fleets, escalating component and production costs, new and evolving California Air Resources Board ("CARB") mandates for fleet adoption of electric trucks, the need advanced technology to reduce the cost and weight of the Hypertruck ERX platform, continued work by OEMs to de-content components that Tier 1 suppliers are providing, and the expectation that the Company will need to raise additional capital to address and overcome these challenges.

In light of these challenges to the business and other considerations, the Company's board of directors (the "Board"), with the support of its expert advisors, explored a range of strategic alternatives for its electrified powertrain systems business. At the conclusion of that strategic review in the fourth quarter of fiscal year 2023, the Board determined that discontinuing carbon footprint while enhancing operating the electrified powertrain systems business and focusing on the development and commercialization of the Company's fuel-agnostic KARNO generator technology would be the most effective use of the Company's capital and in the best interests of the Company's shareholders.

Hylion intends to retain the powertrain technology, enabling the Company to explore a future use or sale of the technology. Tangible assets include the first 30 Hypertruck ERX production trucks which Hylion no longer plans to recognize revenue on, the Hypertruck Fuel Cell prototype truck that Hylion successfully completed in the third quarter of fiscal 2023 in collaboration with Hyzon Motors, and other development trucks and equipment. We expect to sell certain of these tangible assets.

#### Market Opportunity

The U.S. electrical grid is facing a multitude of challenges as it strives to manage the escalating demand for electricity while adapting to evolving generating resources. The electrification of transportation, particularly the growing adoption of electric vehicles, is adding substantial load to the grid. Additionally, the integration of renewable energy sources such as solar and wind

power introduces variability and necessitates grid modernization and storage solutions for stability. Hylion believes that localized grid generation will become an increasing part of the solution to these challenges.

Hylion also believes that the KARNO generator is suitable for a wide range of electrical power generating applications and can address many concerns with conventional generators that inhibit consumers from adopting onsite generating systems today, including cost versus grid power, reliability, maintenance needs, noise, inflexibility and emissions. Additionally, the KARNO generator is expected to be able to operate using a wide range of fuel sources including carbon-free fuels such as hydrogen and ammonia.

The planned initial KARNO generator variant is both power dense and easy to deploy. It is expected to consist of a single four-shaft 200kW generating unit along with essential balance-of-plant components, all arranged within a space-efficient, rectangular configuration occupying approximately three cubic meters. Later planned developments are expected to include a greater-than 2MW system with multiple KARNO generators inside the footprint of a 20 foot shipping container. Over time, we expect larger and smaller capacity versions of the KARNO generator will be offered with power levels varying based on the number of generator shafts included or the size of component parts. We expect the KARNO generator to initially compete effectively in the market for power applications between 200kW to 5MW and later extending to larger and smaller power configurations.

We are currently working with potential customers for initial generator deployments. The primary purpose of these deployments is to further test and validate KARNO generator product attributes including efficiency, emissions, maintenance requirements, durability, control systems and other parameters. We expect to receive compensation for these initial deployments as we believe the generator will provide tangible benefits to customers. We also expect that early deployments will demonstrate the effectiveness of the KARNO generator in a wide range of electrical generating applications. Target markets include:

- **Prime Power:** Most consumers prefer the grid versus generating power locally due to the grid's inherent advantages of simplicity, convenience, scalability and cost effectiveness. For critical applications such as hospitals, data centers and refrigerated warehouses, local generators are indispensable in case of a grid power failure. The KARNO generator introduces the opportunity for certain power consumers to rethink their primary and secondary power sources. Due to its unique attributes in comparison to conventional generators, including consistently high efficiency across power levels, minimal maintenance requirements, and reduced level of noise and emissions, the KARNO generator stands as a potentially more cost-effective base load power source for consumers, who could then utilize the electric grid as a backup source of power. This arrangement holds particular appeal for consumers facing high grid electrical costs and low fuel costs, such as for natural gas.
- **Vehicle Charging:** The rapid growth of consumer electric vehicles is increasingly straining grid capacity and reliability, both domestically and internationally. The introduction of commercial EVs, such as buses, delivery vans and large trucks is expected to intensify this challenge in the future given their substantial power requirements during charging. Many commercial operators cite the lack of electrical capacity access as the primary obstacle to expanding their electric vehicle fleets. Here, we believe the KARNO generator offers a unique solution for vehicle charging. Its flexibility in fuel sources, including the ability to use hydrogen, along with its superior environmental performance and low emissions and noise levels offer advantages over internal combustion generators. A KARNO generator can also modulate power without efficiency loss by activating or deactivating individual generators and by regulating the heat input to each generator. Finally, KARNO's high power density allows it to be deployed as a localized power source for vehicle charging without consuming parking space.
- **Waste Gas Power Generation:** Natural gas sourced from waste sites like landfills, water treatment plants and dairy farms is a growing market as producers seek to capture sources of methane emissions that would otherwise be released into the atmosphere or flared. Also known as renewable natural gas ("RNG"), most sources are typically treated to remove impurities such as carbon dioxide, hydrogen sulfide and moisture before the gas can be utilized or injected into natural gas pipelines. We believe the KARNO generator will compete effectively as a power generator using waste gas sources. Its modularity, coupled with its capability to oxidize a variety of fuel sources and mixtures with no or limited prior gas processing, positions it as an efficient and adaptable power generator for waste gas sources.

- **Flare Gas:** Similarly, natural gas extracted from gas or oil wells frequently requires processing to remove natural gas liquids and impurities. At remote well sites, gas may be flared, or burned, due to insufficient pipeline capacity for transmission to consuming markets. The KARNO generator creates a new opportunity – to transform flare gas into valuable electricity, destined either for integration into the electric grid or for localized consumption. As with RNG, the KARNO generator is anticipated to use flare gas with limited need for pre-treatment at a gas processing facility.
- **Peak Shaving:** "Peaking charges" also referred to as "demand charges" are fees imposed by utilities on customers based on their highest recorded electricity usage during a billing cycle, often measured over a short interval, such as 15 minutes. These charges serve to recuperate the expenses associated with maintaining grid capacity during periods of

peak demand. For customers with substantial peak demand, such as large industrial facilities and data centers, peaking charges can significantly inflate their electric bills. Additionally, time-based electricity rates are now common to reduce demand on the grid during peak times. Peak rates can be two to three times higher than base rates, increasing electricity charges even further for consumers. In this context, distributed generation sources like the KARNO generator can play a pivotal role in providing a versatile, efficient, and reliable power solution to meet the unique demands of U.S. naval operations in mitigating maritime environments. Prior to September 2024, the financial impact of peaking charges Company was performing under two contracts as both a prime and rates by supplementing grid power during peak consumption periods.

- **Backup Power:** The market subcontractor to the United States government to provide R&D services for local backup power generators is well established but also poised for growth due to reduced reliability of the power grid, a greater share of intermittent renewable sources of electricity, the frequency \$2.4 million. Upon successful validation and severity of extreme weather events and the need for continuous power supply in critical applications. Generator emissions are a growing concern in the backup power market due to increased focus on the health impacts of harmful compounds such as nitrogen oxides ("NOx"), carbon monoxide and volatile organic compounds ("VOCs"). To address these concerns, emissions control technologies are often incorporated for conventional generators and alternative sources of fuel like natural gas are replacing diesel, which is also a source of particulate matter ("PM") emissions if exhaust gases are untreated. The backup power market is another opportunity for demonstration, the KARNO generator could be used as an electric power system in future platforms and for stationary power needs.

In December 2024, Hylion was awarded a \$6 million grant from the U.S. Department of Energy's ("DOE") Methane Emissions Reduction Program which backs projects targeting advancement in monitoring, measuring, and mitigating methane emissions across the oil and gas industry. The funding awarded to Hylion is particularly attractive for contingent upon the completion of final negotiations and the execution of a definitive agreement with the U.S. DOE. For this project, representing a total of \$8.4 million in federal and non-federal funding, Hylion will install up to 2 megawatts of KARNO generators in collaboration with oil and gas partners. We expect that the project will demonstrate the KARNO generator's unique ability to operate on wellhead gas to produce sustainable, near-zero emissions electricity. In 2023, Hylion successfully tested gas from the Permian Basin, highlighting the generator's fuel-agnostic design and its low level of emissions and low noise level while in operation. The KARNO generator is expected capability to reduce CO and NOx emissions by over 95% compared to diesel generators, and potentially without the need for exhaust aftertreatment. We therefore believe that KARNO presents an opportunity to provide solutions for end users that desire a lower emissions profile and in the event emissions regulations are further tightened.

Following initial deployments, we expect to ramp up commercialization of utilizing unprocessed gas. This distinctive capability positions the KARNO generator including expansion of production capacity as a groundbreaking solution for reducing flaring and establishment of sales and distribution channels, potentially including market collaborations and extending our reach outside of the U.S. In the future we intend methane emissions while delivering efficient, scalable power. We expect that this grant will empower Hylion to develop and deploy KARNO generators of different sizes in the oil and configurations to capitalize on KARNO's unique advantages gas industry, advancing sustainable energy generation, as well as economic growth and extend these advantages across a broader range of market opportunities. job creation in local communities.

## Products and Services

### KARNO Generator System

The KARNO generator emerged out of GE's General Electric's long-running research and development R&D investments in aerospace engines and metal additive manufacturing across multiple industries and in areas such as generator thermal and performance design. We initially envisioned utilizing the KARNO generator as a new range-extending power source for the our Hypertruck powertrain system, given its ability to operate on a wide range of fuel sources, including natural gas and hydrogen. After the previously announced wind down of our powertrain operations, we shifted our focus to the development and commercialization of the KARNO generator as a standalone product and related R&D services that we have undertaken pursuant to contracts with the United States government. We believe that the unique capabilities of the KARNO generator will also make it competitive in the stationary market for distributed power market, systems, competing favorably against conventional electrical generating systems and opening up potential new markets to enhance grid alternative power availability systems such as fuel cells and reliability. other linear generators. The KARNO generator technology, including the technology that was we acquired

from GE General Electric, and the technology developed by Hylion subsequent to the acquisition, is protected by numerous patents and trademarks which we believe provide Hylion extensive and lasting protection for its intellectual property.

### KARNO Generator Development

Our ongoing efforts with the KARNO generator encompass activities such as its design, development and rigorous testing, along with the development of essential balance-of-plant systems including cooling and controls systems. Notably, we have reached a significant milestone by constructing the 125kW ALPHA generator which we are currently testing in our development facility. Simultaneously, we are in the final stages of designing a 200kW BETA generator, which is expected to serve as our design for initial commercial deployments. We have also showcased KARNO integrated as an on-board generator for our Hypertruck ERX powertrain system and with potential stationary power customers. Moreover, we successfully demonstrated the generator's capability to feed power back to the electric grid from our Cincinnati, Ohio facility and confirmed through testing the capability of the generator's oxidation system to be fueled using untreated natural gas from a Permian Basin well site.

As we progress toward our anticipated initial stationary generator deployments, scheduled for late 2024, pivotal development activities are underway, including enhancements to the linear generator system and its controls, rigorous validation of essential operating parameters, including efficiency, emissions and reliability, and build-out of balance-of-plant

systems and controls. These initial generator deployments, coupled with our ongoing testing and development endeavors, will play a vital role in the validation of other critical design specifications, including the generator's projected operating life, maintenance requirements and durability.

We expect to achieve efficiencies over time, leading to a reduction in the manufacturing and assembly costs associated with the KARNO generator. These efficiencies will predominantly stem from advancements in the speed and capacity of additive manufacturing machines offered by GE and other vendors. The pace of advancements in additive technology are expected to improve over time, with the output of machines we intend to acquire over the next three to four years projected to increase.

compared to machines available today. Additionally, we are actively pursuing design modifications that will enable specific components to be produced through conventional manufacturing processes. Moreover, for less critical components, we are exploring utilization of lower-cost and lightweight materials like aluminum. Lastly, we anticipate that economies of scale will play a pivotal role in reducing system component costs as manufacturing output scales up progressively.

#### **The Science of the KARNO Generator**

The KARNO generator is distinguished from conventional generating systems that rely on reciprocating internal combustion engines or gas turbines to drive a rotating shaft. In contrast, Instead, the KARNO generator uses an innovative thermal converter to power a heat engine to propel a linear electricity generating system. This innovative The generator derives its produces linear motion from temperature differences inside the engine. The generation of heat within the system occurs system. Heat is generated through flameless oxidation of fuels, like such as natural gas, hydrogen, or propane. This The thermal energy causes heats helium gas enclosed within a sealed cylinder, causing it to expand thereby propelling and drive linear motion in a connected piston-shaft system which system. The shaft includes a sequence of permanent magnets situated on the shaft passing that pass through electrical coils. coils as the system oscillates, generating electricity. Subsequently, the counter-motion countermotion generated by a piston at the opposite end of the shaft flows the helium gas to the cold side of a piston in an adjacent shaft, where excess heat is efficiently dissipated. This cyclical process continues, resulting in a continuous source of electrical power for so as long as heat is supplied to the generator.

Linear generators present several advantages over conventional generators, with key benefits including higher thermal efficiency, lower emissions and reduced maintenance, benefits that are partly attributable to their the generator's simplified design with few moving parts. Additionally, they can exhibit high power density and higher efficiency by circumventing the mechanical losses linked to rotating components such as bearings and gears while producing less noise and vibration. In the case of the KARNO generator, each shaft of the generator relies on a single moving part and utilizes a pressurized helium bearing system in place of oil-based lubricants.

Thermal converters offer the advantages of fuel flexibility and high operating efficiency. The KARNO generator also stands out for its ability to achieve exceptional efficiency and power density by maximizing maximize heat transfer between components and working fluids. Enabled by advances in additive manufacturing systems, parts are designed with a large number of many intricate flow channels for the movement of heat, cooling water, coolant, helium and exhaust gases such that contact surface areas for heat transfer are maximized. This enables the KARNO generator to achieve high levels of efficiency.

The KARNO generator is expected to surpass the efficiency of conventional reciprocating generating systems of a similar size when employing various fuel sources and even outperform fuel cells at high power levels when using hydrogen. Notably, its high efficiency remains is expected to remain consistent across a broad range of output power levels. In contrast, fuel cells reach peak efficiency at low power levels but experience diminishing efficiency as output increases towards full power. Internal combustion engines typically achieve peak efficiency within a limited operational output range and may suffer increased wear at low power levels. The KARNO generator offers a distinct advantage in power adjustment by modulating operating parameters and the rate of heat introduction, enabling seamless power adjustments without compromising the generator's efficiency.

We anticipate that the KARNO generator will achieve an electrical generating efficiency of nearly 50% approximately 45%, calculated by considering the usable output power in relation to the energy from the fuel source. High efficiency is expected to remain relatively consistent across a wide range of output power levels, spanning from tens of kilowatts to multiple megawatts. In contrast, internal combustion diesel generators typically operate within an efficiency range of 25% to 40% over a similar power spectrum, while the U.S. electrical power grid is estimated to operate at an efficiency between 33% and 40%. Notably, best-in-class grid-level gas turbine powerplants can obtain efficiencies ranging between 45% to 55%. However, these powerplants have a much larger minimum power level (typically 10MW+) and above 50% but often incur transmission and distribution losses between 5% and 10% which the KARNO generator can is expected to circumvent by being strategically located near the point of power consumption.

Conventional generators emit pollutants as a result because of incomplete combustion of fuel-air mixtures and operating conditions, with the formation of nitrous-oxide ("NOx") and carbon monoxide ("CO") compounds being particularly prominent. Unlike conventional generators, which often employ internal combustion engines operating at high temperatures with rapid and incomplete fuel combustion, the KARNO generator is designed for continuous flameless oxidation of the fuel oxidation at lower temperatures than internal combustion engines and extended burn reaction times. This is achieved partly through the recirculation of exhaust gases, which serves to prolong combustion duration oxidation, and by pre-heating incoming air. As a result, the KARNO generator is anticipated to achieve low ultra-low levels of emissions, with CO<sub>2</sub> NOx and NOx CO emissions expected to be reduced by over 95% compared to best-in-class diesel engines and targeting CARB California's Air Resources Board ("CARB") 2027 standards without the need for aftertreatment.

One of the notable advantages of the KARNO generator in comparison to traditional generating units is the expected significant reduction in maintenance requirements and cost. Conventional generators typically incur periodic and usage-based maintenance expense that can range between 5% to 20% of their total operating cost throughout their lifespan, influenced by factors such as utilization and operating parameters. The KARNO generator's primary advantage arises from having only a single moving linear actuator per shaft (4 shafts per 200kW 200 kW generator), which glides linearly on low friction helium bearings. This innovative design significantly mitigates efficiency losses attributed to friction, enhances enhancing the system's operational longevity and eliminates eliminating the need for oil-based lubricants commonly found in conventional generators. Furthermore, internal combustion engines require extensive overhauls after specific operating periods which are costly, require specialized expertise,

and result in prolonged downtime. Conversely, the KARNO generator is projected to require less costly and simplified maintenance service than internal combustion engines, translating into both cost savings and reduced downtime. lubricants.

The KARNO generator functioning as a heat engine, derives advantages from its expected capability to operate across a diverse spectrum of over 20 available fuel sources and fuel mixtures. These include natural gas, propane, gasoline, jet fuel, and alternative fuels like bio-diesel, biodiesel, hydrogen and ammonia. Moreover, the generator will be able to seamlessly can transition between these fuels or fuel blends, requiring no physical modifications to its flameless oxidation system. blends. This versatility will enable

enables a single generator to adapt to different use cases. For example, the generator may operate on natural gas for prime power generation when a pipeline connection is available and on waste gas near a landfill or dairy farm with some modifications. Furthermore, as hydrogen becomes more widely available, the KARNO generator will be able to seamlessly adapt to this cleaner fuel. As the energy landscape evolves, the KARNO generator's fuel-agnostic nature positions it as a future-proof flexible solution to a range of electricity generation needs.

#### Benefits of the KARNO Generator Versus Conventional Competitors

We believe the versatility and operating characteristics of the KARNO generator will make it an ideal effective system for a variety of conventional and emerging electrical electricity generating applications. Key attributes of the KARNO generator distinguish it from its conventional generator counterparts, which may open new market opportunities:

- **Generator Efficiency:** The anticipated operating efficiency of the KARNO generator results could result in lower marginal cost of electricity generation versus conventional generating systems and, in many some markets, grid power.
- **Low Maintenance:** With only a single moving part per shaft, the simplicity of the KARNO generator is expected to reduce both periodic maintenance expenses, overhaul costs and expected overhaul costs. longer uptime.
- **Fuel Agnostic:** While many traditional generators operate on a single fuel source or require system modification to achieve fuel flexibility, the KARNO generator is truly fuel-agnostic and can switch between fuel choices during operation with some few or no modifications.
- **Low Noise and Vibration:** Unlike conventional generators, the KARNO generator operates without internal combustion, resulting in a significantly lower noise level of approximately 67 decibels at six feet, which is approximately equivalent to a typical conversation. feet.
- **Higher Power Density:** The unique architecture and features of the KARNO generator that are enabled achieved by advances in additive manufacturing are expected to enable the generator to achieve a high level of power density. For example, a 200kW generator occupies less than a cubic meter of volume, excluding the balance-of-plant.
- **Modularity:** The power output of a KARNO generator can be modulated by changing the level of heat applied to the system. For larger power applications above 200kW, systems with six or more shafts can be utilized or, multiple KARNO generators can be assembled to operate as a single unit. For megawatt applications, individual generators can be turned on or off to adjust the total power DC output of the system. KARNO generator allows multiple generators to be connected on a single bus to achieve higher power outputs without impacting other performance characteristics.

#### Fast Startup Time: It Market Opportunity

As economies and industries evolve, the demand for electricity is anticipated accelerating, driven by the electrification of society, urbanization, increasing industrial output and technological growth. Electricity powers factories, drives the digital revolution, supports healthcare, education, and financial services, and serves as the foundation of economic productivity. Additional growth drivers include the widespread adoption of automation, artificial intelligence, expanding data centers and the electrification of transportation. However, as global energy demand rises, traditional centralized power generation and distribution models face mounting challenges.

Aging grid transmission infrastructure across the world faces growing challenges as it strives to balance the availability of affordable, reliable power with maintaining grid stability and integrating new sources of clean power generation. The addition of intermittent renewable power generation further complicates grid management, emphasizing the need for resilient and adaptive electricity systems. Distributed power generation offers a solution by decentralizing electricity production, reducing transmission needs and delivering power closer to consumption points.

Hylion's KARNO generator is an innovative solution in the emerging distributed generation space, offering a reliable power generator that combines high efficiency, fuel flexibility, and low emissions. Designed for both stationary and mobile applications, the KARNO generator will be able to begin generating electricity from a cold start in approximately 30 to 60 seconds. Additionally, full addresses many of the challenges that have traditionally limited the widespread adoption of onsite power can be achieved in a matter of minutes. Conversely, some generating systems, such as solid oxide solutions. These include high operating costs, reliability issues, complex maintenance, noise pollution, space constraints, and dependency on limited fuel cells, require a warm-up period of up to 30 minutes. sources.

#### Production, Assembly, Installation, Suppliers and Distribution

Hylion plans to begin deploying Hylion's initial KARNO generator BETA units product is a 200 kW system that is power-dense and easy to deploy. It features a compact, space-efficient rectangular design with a footprint of approximately 25 square feet, housing a single four-shaft linear generating unit and integrated balance-of-plant components. The KARNO generator supports fuel switching during operation without power loss, while flexible deployment options allow it to operate in late 2024 after design grid-following, grid-forming, or islanded configurations (when paired with an external inverter), making it suitable for a wide range of applications. Additionally, the KARNO generator features real-time monitoring of over 1,000 operational parameters through its KARNO Cloud® platform, enabling proactive diagnostics, predictive maintenance, and initial testing of performance optimization, ensuring maximum uptime. With cloud connectivity, users gain instant access to remote monitoring and control features, providing insights into system performance, fuel efficiency, and system health.

Beyond the generator and balance-of-plant system components are complete. Key generator components will initially be sourced internally using additive manufacturing processes and technologies that were both developed by Hylion and purchased from GE in 2022. Other components will be manufactured internally or purchased from suppliers based on proprietary Hylion designs. 200 kW variant, Hylion is developing advancing the development of a base larger 2 MW KARNO system, which integrates multiple 200 kW generator units operating in tandem within a compact 160 square-foot footprint - approximately the size of a 20' shipping container. We believe that this modular and scalable approach enables seamless power expansion while maintaining high efficiency and reliability. Scheduled for other generator systems, including linear motor components, support systems and generator enclosure materials. Suppliers are assessed for quality based on rigorous standards and processes that were established for Hylion's former powertrain systems. Assembly, installation and maintenance of KARNO generator systems is expected to be performed by Hylion for initial customer deployments.

Additive manufacturing is a commercialization in 2026, the 2 MW solution will target key enabler of KARNO generator technology and performance characteristics and is considered a core competency of the Company and a source of competitive advantage versus other linear power generating systems. Rapid innovation is another core Hylion capability extending beyond generator design to include print processes and materials, including high-speed parameter development to increase equipment availability, print yield, and design effectiveness. We are also investing engineering resources to enable the use of alternative metal materials in certain components to optimize performance while reducing print time and cost. market

segments such as data centers and industrial prime power applications. By utilizing multiple 200 kW generating blocks, the system offers built-in redundancy and the flexibility for customers to customize capacity to match their power needs.

Hylion has purchased state-of-the-art laser sintering machines (3-D additive printers) from GE and has secured additional machine capacity which we expect to be delivered in 2024 and early 2025 to support early generator production and deliveries. Hylion currently also plans to print all key expand the KARNO product line with both larger and smaller capacity versions, adjusting power levels by varying the number of generator components in-house for early system deployments in order to optimize production parameters, shafts and component quality, printing innovation and system throughput.

The standalone generator set, or genset system, includes sizes. Initially, the KARNO generator along will address power applications ranging from 200 kW to the low hundreds of megawatts, addressing a broad spectrum of distributed generation needs. With its ability to deliver reliable, fuel-flexible, and highly efficient power, the KARNO generator is uniquely positioned to serve a variety of key market segments, including:

- **Data Centers:** As cloud computing, artificial intelligence, machine learning, and edge computing continue to expand, data centers are projected to grow rapidly, consuming an increasing share of global energy demand. Onsite generation is an emerging solution to power new data center installations. Hylion's 2 MW KARNO generator is being designed to address the needs of data center developers by providing a scalable, fuel-flexible onsite power solution with an enclosure that houses key balance-of-plant elements best-in-class power density. Capable of operating on more than 20 different fuels, the KARNO generator enables data center developers to minimize onsite generation infrastructure. Its ability to easily transition between pipeline-supplied fuels, such as hydrogen or natural gas, and onsite stored fuels, like methanol or diesel, eliminates the cooling system, need for separate backup generation systems, reducing capital and operational costs. Furthermore, the KARNO generator controls, maintains high efficiency across broad range of load factors.
- **Vehicle Charging:** The rapid adoption of electric vehicles ("EVs") is placing increasing strain on grid capacity, a battery system challenge expected to grow with the introduction of commercial EVs, including buses, delivery vans, and heavy-duty trucks. These vehicles require substantial power for charging, intensifying grid demands. While Direct Current ("DC") fast charging technology and infrastructure are evolving to meet this need, many commercial operators cite limited grid capacity and high voltage electrical components. Prior electricity costs as barriers to shipment, scaling their EV fleets. Hylion's KARNO generator offers an advantaged solution for commercial EV charging. Its native DC output integrates seamlessly with DC fast charging infrastructure, eliminating power losses associated with conversion. Additionally, the entire stationary genset system will undergo rigorous testing KARNO generator's compact footprint and quiet operation make it ideal for deployment in space-constrained locations, such as urban charging hubs, fleet depots, and remote charging stations where grid access is limited or expensive. When paired with onsite energy storage systems and renewable energy sources like solar or wind, KARNO generators can enable resilient and sustainable microgrids for EV charging.
- **Biogas (Landfill, Waste Water & Digester Gas):** Biogas sourced from landfills, wastewater treatment plants, and dairy digesters represents a rapidly growing market as industries and municipalities seek to validate performance. Initial deployments convert methane-rich waste gases into electricity and prevent methane, a potent greenhouse gas, from escaping into the environment or being flared. Current power generation technologies often struggle to process biogas due to contaminants such as hydrogen sulfide ("H<sub>2</sub>S") and siloxanes, as well as moisture and fluctuating gas compositions, necessitating preconditioning and purification before the fuel can be utilized. The KARNO generator's advanced architecture and corrosion-resistant materials enable it to operate with minimal gas preconditioning, making it a cost-effective, high-performance solution for converting waste gas into reliable power.
- **Oil & Gas and Syngas Gas:** The oil and gas industry is rapidly electrifying due to growing power needs across drilling, production, refining, and transportation operations. However, wellhead and flare gas, byproducts of BETA units will further help validate genset system oil and gas extraction, are often wasted due to insufficient pipeline capacity or poor gas quality, performance leading to lost energy and reliability before commercial ramp-up increased emissions. The KARNO generator enables conversion of production waste gas into usable electricity with minimal pre-treatment, enabling onsite power generation and sales. Hylion technicians will be available to support installation grid integration. Its fuel flexibility, use of corrosion-resistant materials, and monitoring of system performance, aided by the ability to remotely monitor critical system parameters.

We have begun printing the first BETA units handle variable fuel quality make it an ideal technology of choice for oilfield electrification while significantly reducing emissions. Additionally, the KARNO generator's fuel-agnostic capability allows it to generate clean electricity from hydrogen-rich syngas, a valuable byproduct of gasification or industrial processes.

- **Prime Power & Microgrids:** As electricity demand increases and grid infrastructure struggles, microgrids and prime power solutions are becoming essential for industries facing high consumption charges, peak demand pricing, and grid reliability concerns. Businesses, industrial sites, and remote facilities increasingly seek localized power generation to mitigate rising energy costs, monetize assets, and improve operational resilience. With relatively high efficiency, fuel adaptability and low maintenance needs, KARNO generators provide a cost-effective alternative to grid electricity, allowing businesses to optimize energy costs while ensuring uninterrupted operations. Its ability to seamlessly integrate with energy storage and renewable sources enables installation of effective hybrid energy solutions. Additionally, the KARNO generator's cogeneration capabilities allow industries to utilize both electricity and thermal energy, improving overall system efficiency and recovering usable waste heat.
- **Backup Power:** The market for local backup power generators is well established and positioned to grow due to decreasing grid reliability, the increasing share of intermittent renewable energy sources, rising extreme weather events, and the need for uninterrupted power. Also, the grid balancing and servicing market is expanding as utilities

and independent power producers seek fast-ramping, distributed generation assets to balance supply and demand fluctuations. Innovative business models such as Resiliency-as-a-Service and Virtual Power Plants have emerged to leverage distributed generation assets for grid resilience. With growing concerns over emissions from internal combustion engine-powered generators in the backup power market we believe the KARNO generator presents an opportunity to provide solutions for end users that desire a lower emissions profile and in the event emissions regulations are further tightened.

- **Mobility:** The KARNO generator is particularly suitable for applications that require a source of electric power in mobile applications such as electric vehicles, railroad locomotives, remote power generation and marine vessels. Compared to conventional power sources the KARNO generator is expected to offer higher efficiency, lower emissions, quieter operation, reduced maintenance needs and the flexibility to operate on a wider range of fuel sources. Additionally, the generator's high power density, modularity and native DC power output offers an added advantage where space constraints and integration are considerations.
- **Waste Heat:** In hard-to-decarbonize industrial sectors such as cement, glass, and primary metals production, vast amounts of high-grade waste heat (1000°C+) are released during manufacturing processes. Traditionally, much of this thermal energy is lost due to limited efficient recovery solutions. Since the KARNO generator uses heat as its primary energy source to generate electricity, high-temperature industrial waste heat is expected to be able to be directly utilized to produce clean electricity, enabling industries to recover wasted energy, improve efficiency, and reduce emissions.

## KARNO Generator Development

### Research and Development

Most of our current activities are focused on the R&D of our KARNO generator. We undertake significant testing and validation of our products and components to ensure that they will meet the demands of our customers. Our R&D activities primarily take place at our facility in Cincinnati, Ohio and expect to complete assembly and testing of deployments units in 2024 at that facility. We also plan to begin acquiring additive printing capacity for our Cedar Park, Texas facility later in 2024. Future print capacity additions as well as generator assembly functions are expected to begin shifting to Cedar Park beginning in 2025. As production volumes rise, we may consider outsourcing certain production and assembly functions including the printing, manufacturing and assembly of specific components or the entire generator to third parties.

In our initial deployment phase, we intend to collaborate closely with customers, identifying a broad range of use cases and improvement opportunities for the KARNO generator. Over time, we will consider options for integrating our products into existing sales and distribution channels and forging partnerships with established manufacturers, vendors, developers and distributors.

### Research and Development

Our research and development activities primarily take place at our headquarters in Cedar Park, Texas and our facility in Cincinnati, Ohio. Our research and development R&D is primarily focused on:

- development of the KARNO generator including testing and validation;
- integration of the KARNO generator technology into various applications;
- accelerated lifetime testing processes to improve reliability, maintainability and system-level robustness;
- development of battery systems that can be used as a starter power source for the KARNO generator or as a load buffer solution;
- data analytics; and
- alternative products for existing and in-development components and technology.

Since acquiring the KARNO generator technology from GE in September 2022, Hyliion has made significant R&D investments to support an expected commercial launch of our current activities are the 200 kW product in 2025. Early efforts focused on the research and development of a 125 kW generator, which has been successfully operated in our Ohio facility and utilized for extensive testing and further advancements. Through this system, we validated the ability of the generator's fuel oxidation system to operate on a wide range of fuel sources, including natural gas, hydrogen, gas mixtures, and untreated landfill and Permian Basin well gas. Additionally, testing of the oxidation system demonstrated very low levels of pollutant emissions in the exhaust stream. The 125 kW generator also served as platform for developing and validating key components that are now incorporated into the larger 200 kW KARNO generator. We undertake significant generator slated for market launch. These advancements include improved helium bearings for greater durability, a magnetic encoder for precise shaft position detection and optimized printed components to increase generator efficiency and manufacturing speed. The higher powered 200 kW generator also incorporates a larger Hyliion-designed linear electric motor. Development activities in 2024 included developing production processes for this new motor as well as testing and validation of design parameters.

During 2024, we completed the design and sourcing of components for the balance-of-plant systems that support linear generator operation for the 200 kW system, including the system enclosure. The balance of plant includes cooling, pressure control, fuel and air, battery, high and low voltage, inlet air and exhaust systems. Development work also includes control software, safety systems, the human-to-machine interface and the physical integration of systems. Validation of essential operating parameters, including efficiency, emissions and reliability, were also part of R&D activities. Initial generator

deployments, coupled with our products ongoing testing and components development efforts, will continue to help validate other critical design specifications, including the generator's projected operating life, maintenance requirements and durability.

### Research and Development Services

We provide R&D services to third parties, including the U.S. government. In September 2024, Hyliion was awarded a cost-plus-fixed-fee contract of up to \$16 million by the ONR to assess the suitability of its KARNO generator for Navy vessels and stationary power applications. The contract aligns with ONR's objective of leveraging advanced technology to reduce its carbon footprint while enhancing operating capabilities. Upon successful validation and demonstration, the KARNO generator could be used as an electric power system in future platforms and for stationary power needs.

We will continue to provide R&D services to third parties under existing contracts and, based on interest from current and prospective customers, anticipate entering into additional R&D agreements in the future. Customers engage Hyliion to explore and validate the KARNO generator's capabilities tailored to their specific requirements. Key areas of interest include testing its low-emissions flameless oxidation system and evaluating applications that leverage the KARNO generator's high power output and compact configuration. Customers are also drawn to the generator's fuel versatility including the ability to easily transition between fuels. R&D services may also involve testing the generator under various operating conditions, including harsh environments, and in mobile applications to assess its performance. Certain customers seek to measure and validate its low emissions profile and test different power configurations to ensure the technology aligns with their operational and environmental needs.

## Commercial Deployment

We expect to deliver initial KARNO generators and generator systems to early deployment customers during 2025. These deployments, combined with our ongoing internal R&D efforts, will serve to test and validate the product's attributes while identifying potential design and software enhancement opportunities. We expect to receive compensation for these deployments as outlined in customer contracts subject to achievement of certain key-performance-indicators, given the tangible benefits the KARNO generator is expected to deliver. Initial KARNO generators may not be able to utilize all fuels anticipated in subsequently commercialized units. Initial deployment applications will include vehicle charging, waste gas-to-power generation, and mobility-focused R&D activities. These early deployments are also likely to highlight opportunities for addressing hardware and software deficiencies, as well as potential enhancements to further refine and optimize the product.

In 2025, additional development activities will focus on implementing identified improvement opportunities to enhance the KARNO generator. These efforts may include design modifications, including for additively-manufactured parts, adjustments to and procurement of purchased components, and further software development. We plan to address these enhancements in parallel with the rollout of early deployment units and the ongoing testing of in-house engineering development generators. While the full scope of additional development work is difficult to predict at this stage, we currently anticipate completing these improvements in the second half of the year, leading to our ability to achieve product commercialization, at which point we will ramp up delivery of KARNO generators to customers.

Following the commercialization of the KARNO generator, we anticipate sales growth in 2026, as we address the backlog of customer interest based on signed letters-of-intent at the end of 2024. This growth will be supported by the commissioning of new additive printers installed at the end of 2024 and expected to be delivered in 2025. Additionally, we plan to deliver and commercialize the 2 MW KARNO generator system during 2026, following the completion of development work under way in 2025. In parallel, we plan to expand our sales, distribution and service networks to support the generator's expected growing market presence. Currently, these functions are managed in-house to ensure efficient delivery and service for our customers; however, we may explore outsourcing or partnerships with established sales, service and distribution channels as we scale operations.

## Production, Assembly, Installation and Suppliers

The standalone generator set, or genset system, integrates the KARNO generator with an enclosure housing key balance-of-plant components such as the cooling system, generator controls, a battery system and high voltage electrical elements. The planned 2 MW KARNO system is expected to feature ten 200 kW KARNO generators combined with shared balance-of-plant systems in a compact configuration approximately the size of a 20' shipping container. Key generator components will initially be produced internally using advanced additive manufacturing processes, while other components will either be manufactured in-house or sourced from suppliers following proprietary Hyliion designs. Hyliion is actively developing a base of suppliers for generator systems, including linear motor components, support systems and enclosure materials. Initially, the assembly, installation and maintenance of KARNO generator systems will be performed by Hyliion, from our Cincinnati, Ohio facility for our early production units.

Additive manufacturing is a key enabler of KARNO generator technology and performance characteristics and is considered a core competency of Hyliion as well as a source of competitive advantage versus other linear power generating systems. In 2024, Hyliion procured state-of-the-art laser sintering machines (3-D additive printers) manufactured by GE to begin building

out print capacity. Hyliion's R&D facility in Cincinnati also houses additive printers that support R&D activities and commercial production needs. Hyliion has placed orders with GE for additional additive printing machines, which are expected to be delivered in 2025, providing a growing base of print production capacity.

Advancements in additive printer technology are expected to grow over time, driven by improvements in laser technology and other printing innovations. New printer models are expected to offer progressively greater printing speed, with some enhancements potentially available as retrofits for existing machine platforms. In parallel, we are pursuing design modifications to enable the production of components with less complex geometry using conventional manufacturing processes, reducing reliance on additive printing where feasible. For less critical components, we are exploring utilization of lower-cost and lightweight materials like aluminum and stainless steel. Additionally, as production volumes increase, we expect economies of scale to contribute to reduced system component costs, enhancing the overall competitiveness of the KARNO generator system.

Hyliion currently plans to print all key generator components in-house for early system deployments to optimize production parameters, component quality, printing innovation and system throughput. As production volumes rise, we may consider outsourcing certain production and assembly functions including the printing, manufacturing and assembly of specific components or the entire generator to third parties.

Suppliers of generator components include fabricators, machine shops, suppliers of mechanical and electrical components like pumps, blowers, tubing and wiring harnesses, as well as metal powder manufacturers. The majority of these components are sourced domestically, supported by a large network of available vendors. We source some components from overseas suppliers, including magnets and battery cells, due to cost advantages or limited domestic availability. While domestic alternatives may exist, they will meet the demands of are often available in more limited quantities or at a higher cost. As we scale up product capacity, we plan to expand our customers' supplier base to achieve cost efficiencies and mitigate supply chain risk.

## Intellectual Property

Intellectual property is important to our business, and we seek protection for our strategic intellectual property. We rely upon a combination of patents, copyrights, trade secrets, know-how and trademarks, along with employee and third-party non-disclosure agreements and other contractual restrictions to establish and protect our intellectual property rights.

As of December 31, 2023 December 31, 2024, we had 56 issued U.S. patents, 64 pending U.S. patent applications, and 22 foreign patent applications. Of the foregoing patent and application totals, 40 pertain to our KARNO generator with and the remainder which primarily relate to powertrain technology, retained which we may retain for potential future use or sale. We pursue the registration of our domain names, trademarks and service marks in the United States and in some locations abroad. In an effort to protect our brand, as of December 31, 2023 December 31, 2024, we had three registered and seven pending trademarks in the United States and 44 registered and four pending trademarks internationally.

We regularly review our development efforts to assess the existence and patentability of new intellectual property. To that end, we are prepared to file additional patent applications as we consider appropriate under the circumstances relating to the new technologies that we develop. Generally, our patents have a term of 20 years from the date the application is filed.

We cannot be sure that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications we may own or license in the future, nor can we be sure that any of our existing patents or any patents we may own or license in the future will be useful in protecting our technology.

## Human Capital

As of December 31, 2023 December 31, 2024, we had approximately 8593 full-time employees, excluding employees working on the wind-down of our powertrain operations whose positions are expected to be eliminated by the end of the first quarter of 2024. All full-time employees are located within the United States. In connection with the discontinuation of the electrified powertrain systems business, we reduced our workforce by approximately 175 people, or 67%, with some severance agreements that provide for continued services through various dates in 2024. Our people are integral to our business, and we are highly dependent on our ability to attract, engage, develop and retain key employees while hiring qualified management, technical, and vehicle engineering personnel. We welcome the diversity of all team members and encourage the integration of their unique skills, thoughts, experiences and identities. By fostering an inclusive culture, we enable every member of the workforce to leverage their unique talents and deliver high-performance standards to drive innovation and success. While we are currently still a small company in terms of headcount, we have plans to grow, and expect that our practices and programs with respect to human capital management will grow as we do.

## Government Regulations

We operate in an industry that is subject to extensive environmental regulation, which has become more stringent over time. The laws and regulations to which we are subject govern, among others:

- water use;
- air emissions;
- energy sources;
- the storage, handling, treatment, transportation and disposal of hazardous materials;

- the protection of the environment; and
- natural resources.

We may be required to obtain and comply with the terms and conditions of multiple environmental permits, many of which are difficult and costly to obtain and could be subject to legal challenges. Compliance with such laws and regulations at an international, regional, national, provincial and local level is an important aspect of our ability to continue operations and grow the business. Environmental standards applicable to us are established by the laws and regulations of the countries in which we operate, and our products are sold, and standards adopted by regulatory agencies and the permits and licenses that we hold. Each of these sources is subject to periodic modifications and increasingly stringent requirements. Violations of these laws, regulations, or permits and licenses may result in substantial civil and criminal fines, penalties, orders to cease the violating operations, or to conduct or pay for corrective works. In some instances, violations may also result in the suspension or revocation of permits and licenses.

Specific standards, certifications, and rules for which we seek to be in compliance include the following:

- Military Standard ("MIL-STD") 1399 requirements over power quality;
- MIL-STD-810, MIL-STD-901, and MIL-STD-167 requirements over shock and vibrations;
- MIL-STD-810G requirements over environmental exposure;
- UL Solutions ("UL") 2200 and 1741 requirements over generator set and inverter safety, respectively;
- Institute of Electrical and Electronics Engineers ("IEEE") 1547 and 519 requirements over grid interconnection and harmonic control, respectively; and
- South Coast Air Quality Management District ("SCAQMD") in California Rule 1110.3, the first of its kind regulation focused on linear generators, "Emissions for Linear Generators." This rule governs, among other things, the steady state emissions from technologies such as KARNO, the KARNO generator. We worked jointly with SCAQMD to establish help evaluate the various criteria and as a result, believe that the KARNO generator will comply with this regulation; and
- Environmental Protection Agency Clean Air Act regulatory standards which mandate strict controls on emissions to ensure compliance with environmental protection guidelines; and
- CARB Distributed Generation Certification standards which impose stringent emission limits and performance criteria to protect air quality and public health standards; and
- National Fire Protection Association ("NFPA") 37, Standard for the Installation and Use of Stationary Combustion Engines and Gas Turbines.

## Competition

We have experienced, and expect to continue to experience, intense competition from a number of companies. We face competition from many different sources, including utility-scale grid power and manufacturers of fixed and portable generator equipment. Key generator manufacturing competitors include Cummins, Bloom Energy, Generac, Kohler, Caterpillar, Mainspring and Jenbacher, several of which maintain the largest market shares in the sector. We believe the primary competitive factors in the stationary generator market include, but are not limited to:

- total cost of ownership;
- emissions profile;
- availability of fueling sources;

- ease of integration into existing operations;
- product performance and uptime; and
- generator quality, reliability, safety and noise.

We believe that we compete favorably with our competitors on the basis of these factors; however, most of our current and potential competitors have greater financial, technical, manufacturing, marketing and other resources than us. Our competitors may be able to deploy greater resources to the design, development, manufacturing, distribution, promotion, sales, marketing and support of their generator products. Additionally, our competitors also have greater name recognition, longer operating histories, larger sales forces, broader customer and industry relationships and other tangible and intangible resources than us. These competitors also compete with us in recruiting and retaining qualified research and development, R&D, sales, marketing and management personnel, as well as in acquiring technologies complementary to, or necessary for, our products. Additional mergers and acquisitions may

result in even more resources being concentrated in our competitors. We cannot provide assurances that our stationary generators will be broadly adopted or will provide benefits that overcome their capital costs.

We also face competition in the market for R&D services from companies that specialize in the design, development and testing of electric generator systems and components and other engineering services. However, we believe that we are well-positioned to compete effectively in this space, as our R&D customers engage us specifically to deliver and perform testing and validation work on the KARNO generator. Unlike our competitors, who lack access to the KARNO generator's technology and capabilities, we can provide a combination of product delivery and specialized testing services that our customers are seeking.

#### Legal Proceedings

From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not currently a party to any material legal proceedings. Regardless of outcome, such proceedings or claims can have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors and there can be no assurances that favorable outcomes will be obtained.

#### Information About Our Executive Officers

The following table and notes set forth information about our executive officers:

Name of Individual	Age	Position
Thomas Healy <sup>(1)</sup>	31	Chief Executive Officer
Jon Panzer <sup>(2)</sup>	57	Chief Financial Officer
Dennis Gallagher Cheri Lantz <sup>(3)</sup>	49	Chief Operating Officer
Cheri Lantz Joshua Mook <sup>(4)</sup>	43	Chief Strategy Technology Officer
Jose Oxholm <sup>(5)</sup>	58	Chief Legal & Compliance Officer
Govindaraj Ramasamy <sup>(6)</sup>	44	Chief Commercial Officer

<sup>1</sup> Mr. Healy has served as our Chief Executive Officer since October 2020 and prior to this, served as Chief Executive Officer of Hylion Inc., ("Legacy Hylion") since January 26, 2016. While leading the Company, Mr. Healy has been awarded numerous patents in the space of electrifying commercial vehicles. Mr. Healy founded Legacy Hylion while studying to obtain a Master's in mechanical engineering and had previously founded multiple start-ups during his undergraduate studies. He took a leave of absence during his Master's program in 2015 to found Legacy Hylion. Mr. Healy holds a B.S. in mechanical engineering with a double-major in engineering and public policy from Carnegie Mellon University.

<sup>2</sup> Mr. Panzer has served as Chief Financial Officer since September 2022. Prior to joining Hylion, Mr. Panzer spent 26 years at Union Pacific, one of the nation's largest railroads. His most recent position at Union Pacific was Senior Vice President of Intermodal Operations and he also served as Senior Vice President of Technology and Strategic Planning, Vice President and Treasurer, Vice President, Financial Planning and Analysis, and Assistance Vice President, Marketing and Sales. As head of Union Pacific's information technology organization, Mr. Panzer was responsible for managing application development, technology infrastructure and cybersecurity. Prior to joining Union Pacific, Mr. Panzer served in the United States Navy as a nuclear engineer. Mr. Panzer holds a B.S. in electrical engineering from the University of Nebraska, Lincoln and an MBA from Carnegie Mellon.

<sup>3</sup> Mr. Gallagher has served as Chief Operating Officer since August 2021. Mr. Gallagher has extensive background in strategic planning, growth initiatives, and process implementation in the commercial vehicle and automation industries. From October 2017 to August 2021, Mr. Gallagher worked at Jacobs Vehicle Systems, where he served as President of the industry-leading supplier to the heavy-duty commercial truck market. Prior to that, he served as Vice President and General Manager for EMEA & India of Kollmorgen, a Danaher company, from August 2014 to December 2017. Previously in his career, he has held executive roles within Danaher and Fortive where he successfully led a number of global business units. Gallagher graduated from the University of Lowell with a B.S. in electrical engineering.

<sup>4</sup> Ms. Lantz has served as Chief Strategy Officer since 2022. Ms. Lantz is a seasoned strategy leader who has spent 25 years developing and leading operations and growth strategies for manufacturers in the mobility sector. Prior to joining the Company, Ms. Lantz served as the Vice President of Strategy for the Transportation Solution Segment at TE Connectivity, an electronics

manufacturer. Prior to that role, Ms. Lantz served as the Chief Strategy Officer and executive leader responsible for advanced and shared engineering and global test labs at Meritor, Inc., a leading manufacturer of axles and brakes to the commercial vehicle industry. Additionally, Ms. Lantz has advised companies on growth and operational topics as a

strategist for Boston Consulting Group and Booz and Company. Ms. Lantz holds three degrees from the University of Michigan, an MBA from the Ross School of Business with a focus on corporate strategy and economics, a master's in manufacturing engineering and a B.S. in chemical engineering.

<sup>4</sup> Mr. Mook has served as Chief Technology Officer since March 2024 and prior to this, served as Chief Engineer since January 2023. Mr. Mook has extensive experience with engineering, new product development, and executive leadership for companies in the aerospace and power generation sector. From 2005 to 2023, Mr. Mook served in multiple engineering positions for General Electric Company and served as an executive starting in 2018. Mr. Mook holds a master's degree in aerospace engineering from the University of Cincinnati and a bachelor's degree in Aeronautical and Astronautical Engineering from Purdue University.

<sup>5</sup> Mr. Oxholm has served as Chief Legal & Compliance Officer since February 2024 and prior to this, served as Vice President, General Counsel, and Chief Compliance Officer since 2020. Mr. Oxholm has extensive experience with complex business

transactions, litigation, and new market entries for companies in the automotive and transportation sectors. From January 2017 to February 2020, Mr. Oxholm served as Vice President, Deputy General Counsel and Chief Compliance Officer for Meritor, Inc. Prior to that, Mr. Oxholm was Senior Vice President, General Counsel and Secretary for LoJack Corporation from 2012 to 2016. <sup>He has</sup> Mr. Oxholm holds a J.D. from the University of Pennsylvania and a bachelor's degree from the University of Michigan.

<sup>6</sup> Mr. Ramasamy has served as Chief Commercial Officer at Hyliion since February 2024, bringing extensive expertise in sales, business strategy, product marketing, engineering, project development, execution, and supply chain management within the power generation sector. Prior to joining Hyliion, Mr. Ramasamy spent over 17 years at Cummins Inc. from 2006 to 2024, where he held several senior leadership roles across multiple global markets. Most recently, he served as Executive Director for Global Datacenter Business, leading one of Cummins' fastest-growing power generation segments. Before that, he held key leadership positions, including Managing Director for Cummins Arabia in the Middle East and General Manager for Power Generation in East Asia, overseeing business growth, operational strategy, and market expansion. Before his tenure at Cummins, he held supply chain leadership roles at Kimball International, where he played a critical role in streamlining operations and optimizing supply chain strategies. Mr. Ramasamy holds a B.S. in mechanical engineering from Anna University, India, a M.S. in Industrial & Systems Engineering from Auburn University, and a MBA from Northwestern University, Chicago.

#### Available Information

Additional information about Hyliion is available at [www.hyliion.com](http://www.hyliion.com). On the Investor Relations page of the website, the public may obtain free copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable following the time that they are filed with, or furnished to, the Securities and Exchange Commission ("SEC"). References to our website do not constitute incorporation by reference of the information contained in such website, and such information is not part of this Form 10-K.

#### 1A. RISK FACTORS

*Investing in our securities involves risks. Before you make a decision to buy our securities, in addition to the risks and uncertainties discussed above under "Cautionary Note Regarding Forward-Looking Statements," you should carefully consider the specific risks set forth herein. If any of these risks actually occur, it may materially harm our business, financial condition, liquidity and results of operations. As a result, the market price of our securities could decline, and you could lose all or part of your investment. Additionally, the risks and uncertainties described are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may become material and adversely affect our business.*

#### Risks Related to our Business

**We may experience significant delays in the design, production and launch of the KARNO generator which could harm our business, prospects, financial condition and operating results.**

The KARNO generator is still in the development and testing phase, and commercial deliveries are not expected to begin until <sup>late 2024</sup> <sup>2025</sup> or later, and may not occur at all. Initial deployments may not be recognized as revenue, or there may be a need to deploy units at a decreased price or for free <sup>to obtain</sup> <sup>for</sup> initial customers. Some of our target customers may be expecting to receive government incentives for deployments and may not purchase our KARNO generators in the event those incentives are delayed or not received. Any delay in the financing, design, production and launch of the KARNO generator would materially damage our brand, business, prospects, financial condition and operating results.

**We depend on government funding, which if lost or reduced, could have a material adverse effect on our research and development activities and our ability to begin recognizing revenue. Our largest contract is with ONR and is the largest single source of revenue for us. Our ONR contract may not be guaranteed to be extended beyond its current scope.**

We have not made any commercial sales of our KARNO generator to date and our ONR contract is the largest single source of revenue for us. In September 2024 we were awarded a cost-plus-fixed-fee contract of up to \$16 million by ONR to assess the suitability of our KARNO generator for Navy vessels and stationary power applications. We currently receive almost all of our revenue from fees and costs payable by ONR pursuant to our R&D contracts. While we believe we have a good working relationship with ONR, the loss of our contracts with ONR may have an adverse impact on our business, prospects, results of operations and financial condition. While we expect to sell our KARNO generator to commercial customers beginning with initial deployments in 2025, for the time being we are substantially dependent on funding from ONR.

**We are an early-stage company with a history of losses, and expect to incur significant expenses and continuing losses for the foreseeable future.**

The Company is undertaking a significant shift in its business strategy by winding down operations related to the electrified powertrain systems business and focusing on the development and commercialization of the Company's fuel-agnostic KARNO generator technology.

We have historically incurred net losses <sup>(\$123.5</sup> <sup>\$52.0</sup> million and <sup>\$153.4</sup> <sup>\$123.5</sup> million for the years ended <sup>December 31, 2023</sup> <sup>December 31, 2024</sup> and <sup>2022, 2023</sup>, respectively). We believe that we will continue to incur significant operating and net losses each quarter until we are generating sufficient positive gross margins from sales of KARNO generator products. We do not expect to achieve this level of financial performance through 2024, products or R&D services, and we may never achieve such

performance.

Additionally, <sup>in connection with our new business strategy</sup>, we expect to adopt initiatives in an effort to improve operating efficiencies and lower our cost structure. There may be unanticipated difficulties in implementing one or more of these initiatives, and we may not ultimately realize the full benefits of, or be able to sustain the benefits anticipated by, these

initiatives.

We **will** require significant capital to develop and grow our business, including developing, producing and servicing KARNO generators and our **brand**. **brand** and investing in additive printing machines. We expect to incur significant expenses, which will impact our profitability and available capital.

including costs for **research and development** **R&D** efforts, component and service procurement, sales, general and administrative costs, and production, distribution and support.

Our ability to become profitable in the future will require us to complete the design, development and testing of our KARNO generator while achieving projected performance criteria. We must also successfully market our KARNO generator and related services to customers, sell our systems at prices needed to achieve positive gross margins, and **control operating and reduce** production costs. We may need to sell our products at a loss or discounted prices in the short term in order to win initial customer orders and gain the confidence of potential customers. If we are unable to efficiently design, produce, market, sell, distribute and service our KARNO generator, our margins, profitability, and long-term prospects will be materially and adversely affected.

**We have no experience manufacturing the KARNO generator on a large-scale basis and if we do not develop adequate manufacturing processes and capabilities to do so, or if we fail to identify qualified outsourced manufacturing partners, in a timely manner, we will be unable to achieve our growth and profitability objectives.**

We have not yet manufactured the KARNO generator on a large scale but in order to produce the generator at affordable prices, we will have to manufacture at scale which may require future printer throughput increases, reduction of printer **or** and material costs, and **lower** purchased component and services costs, enabled by volume-driven cost reductions **on other** and **design changes** for generator components. We do not know whether we will timely receive the printers we need to manufacture KARNO **generators** at scale or whether the printers we intend to use will be able to adequately accommodate capacity needs. We do not know whether our plans to scale the product will be implemented such that they will satisfy the requirements of our customers and the anticipated markets for the KARNO generator. If the Company is unable to develop these manufacturing capabilities internally, we may be unable to identify outsourced manufacturing partners who have the technical capability to produce KARNO generators or who can do so on commercially acceptable terms. Our failure to develop manufacturing processes and capabilities in a timely manner could prevent us from achieving our growth and profitability objectives.

**Significant markets for our KARNO generator may develop more slowly than we anticipate or may never develop at all. This would significantly harm our revenues and may cause us to be unable to recover the losses we have incurred and expect to incur in the development of our products.**

The distributed power generation industry is still an emerging market in an otherwise mature and heavily regulated energy utility industry, and we cannot be sure that potential customers will accept distributed generation broadly, or stationary power generators including our KARNO generators, specifically. Significant markets for distributed power generation may never develop or they may develop more slowly than we anticipate. Enterprises may be unwilling to adopt our KARNO generator technology over traditional or competing power sources like electricity from the grid, for any number of reasons, including the perception that our technology or our Company is unproven, lack of confidence in our business model, the unavailability of third-party service providers to operate and maintain KARNO generators, and lack of awareness of our product or their perception of regulatory or political headwinds.

Market opportunity estimates and growth forecasts, whether obtained from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. In particular, estimates and forecasts relating to the size and expected growth of electricity demand in our target markets, our capacity to address this demand, the adoption of our KARNO generator technology, and our pricing may prove to be inaccurate. Any inaccuracies or errors in our estimates or third-party estimates of market opportunity may cause us to misallocate capital and other business resources, which could harm our business. The addressable market we estimate may not materialize for many years, if ever, and even if the markets in which we compete meet size estimates and growth forecasts, our business could fail to grow at similar rates, if at all.

Any such delay or failure in the development of potential markets would significantly harm our revenues and we may be unable to recover the losses we have incurred and expect to continue to incur in the acquisition and development of KARNO generator technology. If this were to occur, we may never achieve profitability and our business could fail. Whether or not end-users will want to implement and use stationary power generators and other distributed generation technologies may be affected by many factors, some of which are beyond our control, including: the emergence of more competitive technologies and products; alternative technologies and products that could render our products obsolete; the future cost of fuels used by our products; the regulatory requirements of agencies with respect to energy products; government support by way of legislation, tax incentives, policies or otherwise, relating to our technology; the manufacturing and supply costs for components and systems for the

KARNO generator; the perceptions of consumers regarding the safety of our products; the willingness of consumers to try new technologies; and the continued development and improvement of existing power technologies.

**We may not be able to successfully engage target customers or convert early-stage products into meaningful orders in the future.**

Our success, and our ability to increase revenue and operate profitably, depends in part on our ability to identify target customers and to convert early-stage products into meaningful orders in the future. If we are unable to meet our customers' performance requirements or industry specifications, identify target customers or convert early-stage products into meaningful orders, our business, prospects, financial condition and operating results would be materially adversely affected. Moreover, if

we or our customers find that our KARNO generator does not perform as expected or if our orders for KARNO generators do not materialize in large numbers, we may cease to distribute our KARNO generators, or recall some or all of our product, and future distributions may be delayed or cease for some period of time or indefinitely.

**Our products may not be suitable for defense applications.**

Our ability to generate revenue from ONR and other United States government contracts in the future could depend on the viability of our KARNO generator in maritime and other applications for which they have not yet been tested. If we are unable to demonstrate the viability of the KARNO generator for naval and stationary applications under our government research contracts, it may have a material effect on revenues and operations.

**Demand for our products will ultimately depend on end user customers, some of whom operate in highly cyclical industries, which may subject us to the performance of their industries and can result in uncertainty and significantly impact the demand for our products, which could have a material adverse effect on our business,**

#### ***prospects, financial condition and operating results.***

Demand for our products will ultimately depend on our end-user customers, some of whom operate in highly cyclical industries. Demand in these industries is impacted by numerous factors, including commodity prices, infrastructure spending, housing starts, real estate equity values, interest rates, consumer spending, fuel costs, energy demands, municipal spending and commercial construction, among others. Increases or decreases in these variables may significantly impact the demand for our products. If we are unable to accurately predict demand, we may be unable to meet our customers' needs, resulting in the loss of potential sales, or we may produce excess products, resulting in increased inventories and overcapacity in our production facilities, increasing our unit production cost and decreasing our operating margins. Additionally, our end user customers may be required to obtain certifications for use of the KARNO generator on their premises or other intended locations and the delay or failure of these customers to obtain such certifications could have a material impact on our business and operating results.

***If we fail to manage our growth effectively, including failing to attract qualified personnel, we may not be able to develop, produce, market and sell our distributed generation products successfully.***

Any failure to manage our growth effectively could materially and adversely affect our business, prospects, operating results and financial condition. We intend to expand our operations in future years. We intend to continue to hire additional personnel, including engineers, design and production personnel and service technicians for our KARNO generator design, development, distribution and service support. Competition for individuals with experience designing, producing and servicing distributed generators and their software is intense, and we may not be able to attract, integrate, train, motivate, or retain additional highly qualified personnel in the Austin, Texas and Cincinnati, Ohio areas where we are located. Due to the specific skills required and the strong job market nationally, we may experience increased compensation, recruiting and relocation expenses to achieve our hiring goals. The failure to attract, integrate, train, motivate and retain these additional employees could seriously harm our business, prospects, financial condition and operating results.

***We are dependent on our suppliers, some of which are single or limited-source suppliers, and the inability of these suppliers to deliver necessary components for our generator at prices, volumes, and performance specifications acceptable to us could have a material adverse effect on our business, prospects, financial condition and operating results.***

We rely on third-party suppliers, some of whom are single-source suppliers, for the provision and development of many of the key components and materials used in our KARNO generator system, such as linear electric machine component suppliers. Any failure of these suppliers or outsourcing partners to perform could require us to seek alternative suppliers or to expand our production capabilities, which could incur additional costs and have a negative impact on our cost or supply of components or finished goods. While we plan to obtain components from multiple sources whenever possible, some of the components used in our generator may be purchased by us from a single source. Our third-party suppliers may not be able to meet their product specifications and performance characteristics or our desired specifications and pricing, which would impact our ability to achieve our product specifications and performance characteristics. Additionally, our third-party suppliers may be unable to obtain required certifications for their products for which we plan to use or provide warranties that are necessary for our solutions. If we are unable to obtain components and materials used in our generator solution from our suppliers or if our suppliers decide to create or supply a competing product, our business could be adversely affected. While we believe that we may be able to establish alternate supply relationships and can obtain or engineer replacement components for our single source

components, we may be unable to do so in the short term (or at all) at prices or quality levels that are favorable to us, which could have a material adverse effect on our business, prospects, financial condition and operating results.

#### ***We are subject to the risk of manufacturer concentration in the additive printer market***

The manufacture and production of our KARNO Generator is heavily dependent on the use of state-of-the-art additive printers which are manufactured by a small number of specialized vendors. We currently purchase all of our additive printing machines from Colibrium Additive (formerly GE Additive). The partial or complete loss of these key manufacturers, or a significant adverse change in our relationship with Colibrium Additive or any other manufacturer, could have a material adverse effect on our ability to manufacture, test and deploy the KARNO generator.

***We are in the early stages of developing key commercial relationships with suppliers, and our ability to predict the outcome of those relationships is limited.***

We are in the process of developing relationships to accelerate the development, production and sale of our solutions. However, all of our commercial relationships are in the early stages of development and we do not have the ability to predict with certainty the outcome of those relationships. As we begin sourcing generator components, we are initially relying on a limited number of suppliers for each component, which increases the risk of supplier concentration. This reliance could expose us to higher costs, possible quality issues and supply interruption. Our suppliers may face delays or be unable to meet our business requirements and standards at the quantity, quality, timeliness and price levels needed for our business. Because we are still getting to know our suppliers, these relationships could result in controversies or even litigation, which could have a material adverse effect on our ability to continue our plans for strategic growth and ultimately our business results.

#### ***Increases in costs, disruption of supply or shortage of our components could harm our business.***

Once we begin commercial production of our KARNO generator, we may experience increases in the cost or a sustained interruption in the supply or shortage of our components. Any such increase or supply interruption could materially negatively impact our business, prospects, financial condition and operating results. The prices for our components fluctuate depending on

market conditions and global demand and could adversely affect our business, prospects, financial condition and operating results.

#### **Risks Related to our Products**

***If our KARNO generators fail to perform as expected, our ability to develop, market and sell our products could be harmed.***

Our KARNO generators may contain defects in design and production that may cause them not to perform as expected or they may require repair or not achieve the expected low maintenance characteristics. There can be no assurance that we will be able to detect and fix any defects in our KARNO generators. Our products may not meet customers' expectations or perform competitively with other distributed generators that may become available. Any product defects or any other failure of our KARNO generator and software to perform as expected could harm our reputation and result in adverse publicity, lost revenue, delivery delays, product recalls, negative publicity, product liability claims and significant warranty and other expenses and could have a material adverse impact on our business, prospects, financial condition and operating results.

**We have limited experience servicing our KARNO generators and our integrated software. If we are unable to address the service requirements of our customers, our business, prospects, financial condition and operating results may be materially and adversely affected.**

We have limited experience in servicing our KARNO generators and expect to increase our servicing capabilities as we begin commercial production. Servicing distributed generators requires specialized skills, including high voltage training and servicing techniques. We may partner with one or more third party third-party service providers to perform some or all of the servicing on our electrified powertrain solutions, generators, and there can be no assurance that we will be able to enter into an acceptable arrangement with any such third-party provider. Our ability to provide effective customer support is largely dependent on our ability to attract, train and retain qualified personnel with experience in supporting customers on platforms such as ours. As we continue to grow, additional pressure may be placed on our customer support team, and we may be unable to respond quickly enough to accommodate short-term increases in customer demand for maintenance services and technical support. If we are unable to successfully address the service requirements of our customers or establish a market perception that we do not maintain high-quality support, we may be subject to claims from our customers, including loss of revenue or damages, and our business, prospects, financial condition, and operating results may be materially and adversely affected.

**We may become subject to product liability claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims.**

Product liability claims, even those without merit or those that do not involve our products, could harm our business, prospects, financial condition and operating results. A successful product liability claim against us could require us to pay a substantial monetary award. In some jurisdictions, we may self-insure against the risk of product liability claims, for vehicle exposure, meaning that any product

liability claims will likely have to be paid from company funds, not by insurance. Product liability claims could have a material adverse effect on our brand, business and financial condition.

#### **Risks Related to our Financial Results**

**Our financial results may vary significantly from period to period due to fluctuations in our operating costs and other factors.**

Our quarterly and annual operating results may fluctuate significantly, which makes it difficult for us to predict our future operating results. These fluctuations may occur due to a variety of factors, many of which are outside of our control, including:

- the pace at which we continue to design, develop and produce new products and increase production capacity;
- the number of customer orders in a given period;
- changes in manufacturing costs;
- the timing and cost of and level of investment in, research and development R&D relating to our technologies and our current or future facilities;
- relationships, partnerships, contracts and other agreements with suppliers and development partners;
- our ability to achieve favorable pricing from suppliers for component purchases;
- our ability to obtain required certifications for our KARNO generators;
- developments involving our competitors; and
- changes in governmental regulations or applicable law; and
- changes in the macroeconomic environment.

As a result of these factors, we believe that period-to-period comparisons of our financial results, especially in the short term, are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of future performance. Moreover, our financial results may not meet expectations of equity research analysts, ratings agencies or investors, who may be overly

focused on quarterly financial results or financial valuation models that do not match our expected growth plan. If any of this occurs, the trading price of our common stock could fall substantially, either suddenly or over time.

#### **Risks Related to Our Industry and Competitive Landscape**

**We expect to face significant competition in the distributed generation market and R&D markets.**

Our KARNO generators will compete with a broad range of companies and technologies, including traditional energy suppliers, such as public utilities, and other energy providers utilizing traditional co-generation systems, nuclear, hydro, coal or geothermal power, companies utilizing intermittent solar or wind power paired with storage, and other commercially available stationary power generation technologies, including fuel cells and diesel generators.

Many of our competitors, such as traditional utilities and other companies offering distributed generation products, have longer operating histories, customer incumbency advantages, access to and influence with local and state governments, and access to more capital resources than us. Significant developments in alternative technologies, such as energy storage, wind, solar or hydro power generation, or improvements in the efficiency or cost of traditional energy sources, including coal, oil, natural gas used in combustion, or nuclear power, may materially and adversely affect our business and prospects in ways we cannot anticipate. We may also face new competitors who are not currently in the market, including companies with newer or better technologies or products, larger providers or traditional utilities or other existing competitors that may enter our market segments. If we fail to adapt to changing market conditions and to compete successfully with grid electricity or new competitors, our growth will be limited, which would adversely affect our business results.

We also face competition in the R&D services market from companies that specialize in the design, development and testing of electric generator systems, military equipment and broader engineering R&D services. Many of our competitors, including conventional generator manufacturers, engineering firms and military contractors, possess broader R&D capabilities, longer operating histories, established relationships with U.S. military procurement organizations and greater financial resources. Additionally, there is no guarantee that we will successfully extend our existing R&D contracts or secure new business from current or prospective customers. Failure to deliver satisfactory R&D results or to compete effectively with established competitors could limit our future R&D opportunities and adversely affect our business performance.

#### **Developments in alternative technology or improvements in distributed generation products may adversely affect the demand for our KARNO generators.**

Significant developments in alternative technologies, such as battery cells, advanced diesel, improved natural gas engines, fuel cells, new power generation technology or alternate fuel sources or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business, prospects, financial condition and operating results in ways we do not currently anticipate. Existing and other battery cell technologies, fuels or sources of energy may emerge as customers' preferred alternative to our electrified powertrain solutions, grid power. Any failure by us to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay adversely affect our development and introduction of new and enhanced alternative fuel and electric vehicles, which could result in the loss of competitiveness of our electrified powertrain solutions, decreased revenue and a loss of market share to competitors. Our research and development efforts may not be sufficient to adapt to changes in alternative fuel and electric vehicle technology, business results.

#### **Risks Related to Technology, Data and Privacy-Related Matters**

**We are subject to cybersecurity risks to operational systems, security systems, infrastructure, and customer data processed by us or third-party vendors or suppliers and any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business.**

We collect, store, transmit and otherwise process customer, employee and others' data as part of our business operations, which may include personal data or confidential or proprietary information. We also work with partners and third-party service providers or vendors that collect, store and process such data on our behalf in connection with our business. There can be no assurance that any security measures that we or our third-party service providers or vendors have implemented will be effective against current or future security threats.

We are at risk for interruptions, outages and breaches of our operational systems, facility security systems, transmission control modules or other in-product technology; in each case owned by us or our third-party vendors or suppliers as well as the integrated software in our KARNO generators; or customer data that we process or our third-party vendors or suppliers process on our behalf. The techniques used by cyber attackers change frequently and may be difficult to detect for long periods of time. Although we maintain information technology measures designed to protect ourselves against intellectual property theft, data breaches and other cyber incidents, we cannot be sure that these systems upon which we rely, including those of our third-party vendors or suppliers, will be effectively implemented, maintained or expanded as planned. If these systems do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions. Moreover, our proprietary information or intellectual property could be compromised or misappropriated. A significant cyber incident could impact production capability, harm our reputation, cause us to breach our contracts with other parties or subject us to regulatory actions or litigation, any of which could materially affect our business, prospects, financial condition and operating results.

**Any unauthorized control or manipulation of the information technology systems in our electrified powertrain solutions KARNO generator systems could result in loss of confidence in us and our electrified powertrain power generation solutions and harm our business.**

Our electrified powertrain solutions KARNO generators contain complex information technology systems and built-in data connectivity to accept and install periodic remote updates to improve or update functionality. We have designed, implemented and tested security measures intended to prevent unauthorized access to our information technology networks, our electrified powertrain solutions and related systems, networks. Any unauthorized access to or control of our electrified powertrain solutions, KARNO generator systems, or any loss of customer data,

could result in legal claims or proceedings and remediation of such problems could result in significant, unplanned capital expenditures.

**We may need to defend ourselves against patent, copyright or trademark infringement claims or trade secret misappropriation claims, which may be time-consuming and cause us to incur substantial costs.**

Companies, organizations or individuals, including our competitors, may own or obtain patents, trademarks or other proprietary rights that would prevent or limit our ability to make, use, develop or sell our KARNO generator and other products, which could make it more difficult for us to operate our business. We may receive inquiries from patent, copyright or trademark owners inquiring whether we infringe upon their proprietary rights. We may also be the subject of allegations that we have misappropriated their trade secrets or other proprietary rights. Companies owning patents or other intellectual property rights relating to distributed generators may allege infringement or misappropriation of such rights. In response to a determination that we have infringed upon or misappropriated a third party's intellectual property rights, we may be required to cease development, sales or use of our products that incorporate the asserted intellectual property, pay substantial damages, obtain a license from the owner of the asserted intellectual property right, which license may not be available on reasonable terms or at all, or redesign one or more aspects or systems of our products. A successful claim of infringement or misappropriation against us could materially adversely affect our business, prospects, financial condition and operating results. Any litigation or claims, whether valid or invalid, could result in substantial costs and diversion of resources.

**Our business may be adversely affected if we are unable to protect our intellectual property rights from unauthorized use by third parties.**

Failure to adequately protect our intellectual property rights could result in our competitors offering similar products, potentially resulting in the loss of some of our competitive advantage and a decrease in our revenue, which would adversely affect our business, prospects, financial condition and operating results. Our success depends, at least in part, on our ability to protect our core technology and intellectual property. To accomplish this, we will rely on a combination of patents, trade secrets (including know-how), employee and third-party nondisclosure agreements, copyrights, trademarks, intellectual property licenses and other contractual rights to establish and protect our rights in our technology; however, the measures we take to protect our intellectual property from unauthorized use by others may not be effective.

Patent, trademark, copyright and trade secret laws vary throughout the world. Some foreign countries do not protect intellectual property rights to the same extent as do the laws of the U.S. Further, policing the unauthorized use of our intellectual property

in foreign jurisdictions may be difficult. Therefore, our intellectual property rights may not be as strong or as easily enforced outside of the U.S.

Also, while we have registered trademarks in an effort to protect our investment in our brand and goodwill with customers, competitors may challenge the validity of those trademarks and other brand names in which we have invested. Such challenges can be expensive and may adversely affect our ability to maintain the goodwill gained in connection with a particular trademark.

#### Risks Related to Environmental Regulatory Matters

**Our success in generating revenues from governmental contracts depends our ability to comply with governmental regulations related to defense spending and Regulatory Matters procurement.**

Contracts with governmental organizations, including the United States government, have not been a major source of our revenues in the past. However, we anticipate such sources becoming a more significant portion of our business in the future. Our ability to comply with governmental regulations applicable to United States defense contractors, including procurement procedures, could have a material impact on our future results of operations. In addition, as a provider for the United States government, we may be subject to numerous laws and regulations relating to the award, administration and performance of United States government contracts. Non-compliance found by any one agency could result in fines, penalties, debarment, or suspension from receiving additional contracts with all United States government agencies. Given our potential dependence on US government business, suspension or debarment could have a material adverse effect on our business and results of operations.

**We, our outsourcing partners and our suppliers are or may be subject to substantial regulation and unfavorable changes to, or failure by us, our outsourcing partners or our suppliers to comply with, these regulations could substantially harm our business and operating results.**

We continue to evaluate requirements for licenses, approvals, certificates and governmental authorizations necessary to manufacture, sell, or service our KARNO generator in the jurisdictions in which we plan to operate and intend to take such actions necessary to comply. If we, our outsourcing partners or our suppliers are unable to obtain or comply with any of the licenses, approvals, certifications or other governmental authorizations necessary to carry out our operations in the jurisdictions in which we currently operate, or those jurisdictions in which we plan to operate in the future, our business, prospects, financial condition and operating results could be materially adversely affected. We expect to incur significant costs in complying with these regulations.

**To We are exposed to risks related to tariffs, duties, and taxes that can significantly impact our global supply chains and operations, including increasing the extent costs of components that we purchased from other countries or reducing the laws change, availability of such components.**

Changes in trade policies, the imposition of new tariffs, or alterations in tax regulations in the jurisdictions where we source our materials or sell our products could lead to increased costs and disruptions in our supply chain. These added costs may not comply with applicable be easily passed on to customers, thereby affecting our profit margins. Furthermore, navigating the complexities of international federal, state trade regulations requires substantial administrative effort and resources, contributing to potential delays and inefficiencies in our production and distribution processes. Any significant increase in tariffs, duties, or local laws, which would taxes could have an a material adverse effect on our business. Compliance business, financial condition, and operating results.

**We and our customers are subject to changes in federal government policies in the energy sector that could impose substantial costs and uncertainty as policies shift over time.**

Changes in federal government policies, regulations, and enforcement priorities may have significant impacts on our operations and financial performance. The energy sector is sensitive to regulatory shifts, which can affect various aspects of our business, including production, distribution, and compliance costs. As government priorities evolve, the regulatory landscape may undergo substantial changes. New policies may be introduced to promote renewable energy sources, increase environmental compliance requirements, or impose stricter emissions standards. Such changes could necessitate substantial modifications to our operations, potentially leading to increased investment requirements and operating costs. Additionally, changes in tax policies, subsidies, and incentives for the energy sector can influence our financial planning and investment decisions and for our customers. The introduction or removal of tax credits, incentives, and financing programs can significantly alter the economic benefits of our products for customers.

The legal and regulatory framework in the energy sector is continuously evolving, and we may not always be able to anticipate or react to new developments promptly. Failure to comply with new regulations or to adapt to changing policies could result in legal liabilities, fines, and penalties, as well as damage to our reputation and customer relationships. Non-compliance could also lead to operational disruptions, delays in project timelines, and increased scrutiny from regulatory bodies. Our ability to navigate these regulatory changes effectively will be crucial to maintaining our competitive position and achieving our long-term business objectives. We will continue to monitor legislative developments and engage with policymakers to advocate for favorable conditions for our industry. However, compliance with changing regulations could be burdensome, time consuming

and expensive. To the extent compliance with new regulations is cost prohibitive, our business, prospects, financial condition and operating results would be adversely affected.

**We are subject to evolving laws, regulations, standards and contractual obligations related to data privacy and security, and our actual or perceived failure to comply with such obligations could harm our reputation, subject us to significant fines and liability or adversely affect our business.**

Collection of our customers', employees', and others' information in conducting our business may subject us to various legislative and regulatory burdens related to data privacy and security that could require notification of data breaches, restrict our use of such information and hinder our ability to acquire new customers or market to existing customers. The regulatory framework for data privacy and security is rapidly evolving, and we may not be able to monitor and react to all developments in a timely manner. For example, California requires connected devices to maintain minimum information security requirements.

As legislation continues to develop, we will likely be required to expend significant additional resources to continue to modify or enhance our protective measures and internal processes to comply with such legislation. In addition, non-compliance with these laws or a significant breach of our third-party service providers' or vendors' or our own network security and systems could have serious negative consequences for our business and future prospects, including possible fines, penalties and damages, reduced customer demand for our vehicles generators and harm to our reputation and brand.

**We are subject to various environmental laws and regulations that could impose substantial costs upon us and cause delays in building our production facilities.**

Our operations are and will be subject to international, federal, state and local environmental laws and regulations, including laws relating to the use, handling, storage, disposal of and human exposure to hazardous materials. Environmental and health and safety laws and regulations can be complex, and we have limited experience complying with them. Moreover, we expect that we will be affected by future amendments to such laws or other new environmental and health and safety laws and regulations which may require us to change our operations, potentially resulting in a material adverse effect on our business, prospects, financial condition and operating results. These laws can give rise to liability for

administrative oversight costs, cleanup costs, property damage, bodily injury, fines and penalties. Capital and operating expenses needed to comply with environmental laws and regulations can be significant, and violations may result in substantial fines and penalties, third-party damages, suspension of production or a cessation of our operations.

Contamination at properties we will own or operate, we formerly owned or operated or to which hazardous substances were sent by us, may result in liability for us under environmental laws and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, which can impose liability for the full amount of remediation-related costs without regard to fault, for the investigation and cleanup of contaminated soil and ground water, for building contamination and impacts to human health and for damages to natural resources. The costs of complying with environmental laws and regulations and any claims concerning noncompliance, or liability with respect to contamination in the future, could have a material adverse effect on our financial condition or operating results. We may face unexpected delays in obtaining the required permits and approvals in connection with our planned production facilities that could require significant time and financial resources and delay our ability to operate these facilities, which would adversely impact our business, prospects, financial condition and operating results.

#### Risks Related to Capital and Tax Matters

***We may need to raise additional funds and these funds may not be available to us when we need them. If we cannot raise additional funds when we need them, our business, prospects, financial condition and operating results could be negatively affected.***

The design, production, sale and servicing of our products is capital-intensive. On October 1, 2020, the Company raised net proceeds of \$516.5 million. At December 31, 2020, all outstanding warrants were either exercised or redeemed, with gross proceeds of \$140.8 million raised, of which \$16.3 million was collected during the first quarter of 2021. At **December 31, 2023** **December 31, 2024**, the Company had total equity of **\$306.3 million** **\$244.4 million**, inclusive of cash and cash equivalents of **\$12.9 million** **\$9.2 million** and total investments of **\$278.5 million** **\$210.5 million**. We may determine that additional funds are necessary earlier than anticipated. This capital may be necessary to fund our ongoing operations, purchase additive printing machines, continue research, development and design efforts, create new products and improve infrastructure. We may raise additional funds through the issuance of equity, equity related or debt securities, **leasing** or through obtaining credit from government or financial institutions. We cannot be certain that additional funds will be available to us on favorable terms when required, or at all. If we cannot raise additional funds when we need them, our business, prospects, financial condition and operating results could be materially adversely affected.

***We may not be able to raise the capital we need to invest in additive manufacturing capacity, facilities and other equipment needed to manufacture and assemble KARNO generator systems. If we cannot raise the investment capital we need on favorable terms, our business, prospects, financial condition and operating results could be negatively affected.***

The production of key KARNO generator parts at the scale we need to grow our business requires significant investment in modern additive printer technology as well as production facilities and other equipment needed to support printing and assembly operations. We intend to finance most of these capital investments through **cash on hand, cash from operations, leases**

or **utilize through** other forms of debt financing. The lease market for additive printer technology is immature and may not support the level of lease capital we need to grow our business. We cannot be certain that we can obtain lease or debt financing on favorable terms when required, or at all. If we cannot obtain equipment and other asset financing when we need it, our business prospects, financial condition and operating results could be materially adversely affected.

***Our ability to use net operating loss carryforwards and other tax attributes may be limited as a result of ownership changes.***

We have incurred losses during our history and do not expect to become profitable in the near future, and may never achieve profitability. To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable

income, if any, until such unused losses expire, if at all. As of **December 31, 2023** **December 31, 2024**, we had U.S. federal net operating loss carryforwards of approximately **\$297.9 million** **\$346.2 million**.

Under the Tax Cuts and Jobs Act (the "Tax Act"), as modified by the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), U.S. federal net operating loss carryforwards generated in taxable periods beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such net operating loss carryforwards in taxable years beginning after December 31, 2020, is limited to 80% of taxable income.

Under Section 382 of the Code, substantial changes in our ownership may result in an annual limitation on the amount of net operating loss carryforwards that could be utilized in the future to offset our taxable income. Generally, this limitation may arise in the event of a cumulative change in ownership of more than 50% within a three-year period. We have completed such analysis and determined that such an ownership change occurred in 2017. This will limit the usage of our 2017 and prior year net operating losses, and will cause \$2.0 million of such losses to expire unused, regardless of future taxable income. We could experience another ownership change that might limit our use of net operating loss and tax credits in the future. There is also a risk that due to regulatory changes, such as suspensions on the use of net operating loss, or other unforeseen reasons, our existing net operating loss could expire or otherwise be unavailable to offset future income tax liabilities. Due to this, as well as our overall profitability estimate as noted above, we have recorded a full valuation allowance related to our net operating loss carryforwards and other deferred tax assets due to the uncertainty of the ultimate realization of the future benefits of those assets.

***We, or our potential customers, may not be able to obtain or agree on acceptable terms and conditions for all or a significant portion of the government grants, loans and other incentives which are applied for. As a result, our business, prospects, financial condition and operating results may be adversely affected.***

We anticipate that we and our potential customers will apply for federal and state grants, loans and tax incentives under government programs designed to stimulate the economy and support the production of alternative **fuel and electric vehicles** **energy systems** and related technologies. We anticipate that in the future there **will** **may** be new opportunities for us and our potential customers to apply for grants, loans and other incentives from federal, state and foreign governments. Our, and our potential customers' ability to obtain funds or incentives from government sources is subject to the availability of funds under applicable government programs and approval of applications to participate in such programs. The application process for these funds and other incentives will likely be highly competitive. We cannot assure you that we, or our potential customers, will be successful in obtaining any of these additional grants, loans and other incentives.

#### Risks Related to Ownership of Our Securities

**Concentration of ownership among our existing executive officers, directors and their respective affiliates may prevent new investors from influencing significant corporate decisions.**

As of December 31, 2023 December 31, 2024, our executive officers, directors and their respective affiliates, as a group, beneficially owned approximately 19.6% of our outstanding common stock. As a result, these stockholders are able to exercise a significant level of control over all matters requiring stockholder approval, including the election of directors, amendment of our Certificate of Incorporation and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of us or changes in management and will make the approval of certain transactions difficult or impossible without the support of these stockholders.

**We may issue additional shares of common stock or preferred stock, including under our equity incentive plans. Any such issuances would dilute the interest of our stockholders and likely present other risks.**

We may issue a substantial number of additional shares of common or preferred stock, including under our equity incentive plans. Any such issuances of additional shares of common or preferred stock may cause significant dilution, subordinate the rights to holders of common stock to those of preferred stock, cause a change in control, and adversely affect prevailing market prices.

**Our failure to maintain compliance with the NYSE's NYSE American's continued listing requirements could result in the delisting of our common stock.**

Our common stock is listed on On November 2, 2023, we received notice from the New York Stock Exchange (the "NYSE" ("NYSE"). In order to maintain this listing, we must satisfy minimum financial and other requirements. On November 2, 2023, we received notice (the "Delisting Notice") from the NYSE that because the average per share closing price of our common stock (the "Common Stock") over a 30 consecutive trading-day period ended November 1, 2023 was below \$1.00, (the "Minimum Price Requirement"), we were not in compliance with Section 802.01C of the NYSE's Listed Company Manual.

Pursuant to Section 802.01C, we have a period of six months following the receipt of the Delisting Notice to regain compliance with the Minimum Price Requirement. In accordance with the NYSE's rules, we notified the NYSE within 10 business days of our intent to cure the deficiency, which may include effecting a reverse stock split, subject to approval by our Board and stockholders. We may regain compliance with the Minimum Price Requirement at any time during the cure period if, on the last trading day of any calendar month during the cure period, or on the last day of the cure period, our common stock has (i) a closing share price of at least \$1.00, and (ii) an average closing share price of at least \$1.00 over the 30 trading-day period On November 5,

ending on 2024, the last trading day of that month or on Company voluntarily withdrew the last day principal listing of the cure period, as applicable. The Delisting Notice has no immediate impact on the listing of our common stock, which will continue to be listed and traded on Company's Common Stock from the NYSE under and transferred the symbol "HYLN" during this period, subject Company's Common Stock listing to our compliance with the other continued listing requirements NYSE American stock exchange ("NYSE American"), effective as of the NYSE. Failure to satisfy the conditions of the cure period or to maintain other listing requirements could lead to delisting. November 11, 2024.

The perception among investors that we are at a heightened risk of delisting could negatively affect the market price and trading volume of our common stock. Our continued eligibility for listing may depend on, among other things, the amount of "public float" (equity held by non-affiliates), value of stockholders' equity and minimum share price of \$3.00 per share. There is no guarantee that we will continue to meet the NYSE American listing requirements in the future. If our common stock is delisted from the NYSE American, the delisting could: substantially decrease trading in our common stock; adversely affect the market liquidity of our common stock; adversely affect our ability to issue additional securities or obtain additional financing in the future on acceptable terms, if at all; result in the potential loss of confidence by investors, suppliers, partners and employees and fewer business development opportunities; and result in limited news and analyst coverage. Additionally, the market price of our common stock may decline further, and stockholders may lose some or all of their investment.

#### **General Risks**

**Future product recalls could materially adversely affect our business, prospects, financial condition and operating results.**

Any product recall in the future, whether it involves us or a competitor's product, may result in negative publicity, damage our brand and materially adversely affect our business, prospects, financial condition and operating results. In the future, we may voluntarily or involuntarily, initiate a recall if any of our products prove to be defective or noncompliant with applicable safety standards or other laws or regulations. Such recalls may involve significant expense and diversion of management attention and other resources, which could adversely affect our brand image, as well as our business, prospects, financial condition and operating results.

**We are or may be subject to risks associated with strategic alliances or acquisitions and may not be able to identify adequate strategic relationship opportunities, or form strategic relationships, in the future.**

We have entered into strategic alliances and may in the future enter into additional strategic alliances or joint ventures or minority equity investments, in each case with various third parties for the production of our electrified powertrain solutions as well as with other collaborators with capabilities on data and analytics, engineering, installation channels, refueling stations and hydrogen fuel cells. These alliances subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the third party and increased expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. Strategic business relationships will be an important factor in the growth and success of our business. However, there are no assurances that we will be able to continue to identify or secure suitable business relationship opportunities in the future or our competitors may capitalize on such opportunities before we do. Moreover, identifying such opportunities could require substantial management time and resources, and negotiating and financing relationships involves significant costs and uncertainties. If we are unable to successfully source and execute on strategic relationship opportunities in the future, our overall growth could be impaired, and our business, prospects, financial condition and operating results could be materially adversely affected. acquisitions.

When appropriate opportunities arise, we may acquire additional assets, products, technologies or businesses that are complementary to our existing business. In addition to possible stockholder approval, we may need approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations, which could result in increased delay and costs, and may disrupt our business strategy if we fail to do so. Furthermore, acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating acquisitions may be significant.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 1C. CYBERSECURITY**

We understand the critical importance of cybersecurity and proactively manage vulnerabilities to ensure the confidentiality, integrity, and availability of our information assets. While we have not experienced any material risks from cybersecurity incidents or threats to date, we recognize the evolving threat landscape and remain vigilant in our security posture.

#### **Risk Management and Strategy**

Our cybersecurity risk management program leverages the National Institute of Standards and Technology ("NIST") 800-37 framework as a foundation, customized to align with our entity size, risk profile, and industry best practices. We believe that

leveraging the NIST framework as a foundation ensures a balanced approach for mitigating vulnerabilities while maintaining operational efficiency.

We maintain a comprehensive incident response plan with clearly defined roles and responsibilities. In the event of an incident, the plan outlines notification procedures, containment measures, eradication steps, and recovery processes. We also conduct annual reviews to ensure the plan's effectiveness. We are currently conducting our conduct annual cybersecurity assessment with the help of assessments and implement controls around any deficiencies in security that are identified, engaging third-party specialists, consultants to assist which is expected include tabletop exercises to be completed in the first quarter of 2024, ensure that our incident management processes function as intended. This assessment covers entity-level controls, threat

management, and reviews of critical third-party security measures. Materiality of individual cybersecurity incidents is determined by a comprehensive assessment framework considering, but not limited to, the following factors:

- Impact on Business Operations: Potential disruptions to critical systems, services, or financial transactions.
- Data Sensitivity: The nature and sensitivity of the data involved, with incidents concerning personally identifiable information or highly confidential data deemed more material.
- Regulatory Compliance: Potential violations of cybersecurity laws, regulations, or industry standards.
- Reputational Risk: Harm to the Company's reputation, customer trust, and brand value.
- Legal Obligations: Legal requirements for reporting incidents and potential consequences of non-compliance.

#### **Identification, Assessment, and Reporting of Cybersecurity Threats**

We employ a multi-layered approach to identify, assess, and report potential cybersecurity threats:

- Threat intelligence tracking: We actively monitor relevant threat intelligence feeds and industry best practices to stay informed about emerging threats and vulnerabilities.
- Managed Detection and Response ("MDR") partnership: We have partnered with a reputable third-party MDR provider to enhance our threat detection and response capabilities. This service provides continuous monitoring, analysis, and proactive response to potential threats, ensuring timely identification and mitigation of cybersecurity incidents.
- Metrics and Measurements: We capture telemetry from our IT infrastructure in order to measure the effectiveness of our security controls and identify areas for improvement.

#### **Third-Party Service Providers**

We take security seriously when choosing and working with third-party providers and have established processes to oversee and manage risks associated with third-party service providers. We require providers to share their security reports (System and Organization Controls ("SOC") 1 and SOC 2) prior to initial engagement and ongoing on an annual basis. We believe that the review of such reports helps us minimize the risk of data breaches or other problems resulting due to our third-party relationships, especially with software-as-a-service ("SaaS") providers.

#### **Reporting**

We have a communication process for incidents based on their severity as outlined in our incident response plan. When a major incident is detected, executive leadership is informed within 24 hours. The audit committee and Chief Financial Officer are notified, and a detailed report is submitted, within 24-48 hours. For moderate incidents, the notification timeframe is 72 hours, and the detailed report is submitted to the audit committee within five to seven days. If a cybersecurity incident is deemed material, it will be reported promptly under SEC guidance.

#### **Management and Board of Director Oversight of Cybersecurity Threats**

The Company's Chief Financial Officer ("CFO") and the audit committee of the Board board of directors of the Company (the "Board") has responsibility for the oversight of cybersecurity threats and incidents. The audit committee conducts periodic reviews of the Company's cybersecurity programs, policies, and processes on an annual basis. The Company's Chief Financial Officer has prior risk management strategies to ensure alignment with industry best practices. Additionally, our CFO, leveraging extensive experience in overseeing managing technology infrastructure and cybersecurity risk, performs internal reviews with operational teams to assess cybersecurity readiness and enhance incident response strategies. The Board's oversight is further strengthened by the presence of a director with over 30 years of experience advising global companies on technology and operations, including cybersecurity risk management. Our internal IT team, with over 40 years combined experience in cybersecurity, plays a critical role in implementing security controls, threat monitoring, and incident response. This multi-tiered governance structure ensures that cybersecurity remains a top priority at both the executive and operational levels.

#### **ITEM 2. PROPERTIES**

Our headquarters are located in an approximately 152,000 square foot facility comprised of two buildings that we lease in Cedar Park, Texas, just north of Austin, Texas, where our administrative function is primarily located. Our lease of this facility expires in April 2027, and we have the option to extend the lease for two additional five-year terms. In February

2025 we subleased approximately 27,000 square feet of this facility. We also lease an approximately 30,000 square foot facility in Milford, Ohio near, Cincinnati, Ohio, where we design and develop the KARNO technology. Our lease of the Ohio facility expires in June 2028, with the option to extend the term for up to two consecutive terms of three years. We believe that our current facilities are in good working order and are capable of supporting our operations for the foreseeable future; however, we will continue to evaluate buying or leasing additional space as needed to accommodate our growth.

### ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company is subject to claims in legal proceedings arising in the ordinary course of its business, including payroll-related and various employment-related matters. All litigation currently pending against the Company relates to matters that have arisen in the ordinary course of business and the Company believes that such matters will not have a material adverse effect on its consolidated financial condition, results of operations or cash flows.

Refer to Note [14.12](#) of the notes to the consolidated financial statements for further information on our legal proceedings.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## Part II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

Our common stock is currently listed on the NYSE [American LLC](#) under the symbol "HYLN."

#### Holders

As of [February 6, 2024](#) [February 20, 2025](#), there ~~were 74~~ were 54 holders of record of our Common Stock. A greater number of holders of our common stock are "street name" or beneficial holders, whose shares are held by banks, brokers and other financial institutions.

#### Dividend Policy

We have not paid any cash dividends on our common stock to date. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that the Board may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur. We do not anticipate declaring any cash dividends to holders of the common stock ~~in~~ for the foreseeable future.

#### Issuer Purchases of Equity Securities

The following table provides information regarding repurchases of our Common Stock during the quarter ended [December 31, 2023](#) [December 31, 2024](#):

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup>	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(2)</sup>
October 1 - 31, 2023	—	\$ —	—	\$ 20,000,000
November 1 - 30, 2023	—	\$ —	—	\$ 20,000,000
December 1 - 31, 2023	37,062	\$ 0.85	37,062	\$ 19,968,338
<b>Total</b>	<b>37,062</b>		<b>37,062</b>	

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup>	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(2)</sup>
October 1 - 31, 2024	—	\$ —	10,610,070	\$ 6,144,349
November 1 - 30, 2024	—	\$ —	10,610,070	\$ 6,144,349
December 1 - 31, 2024	—	\$ —	10,610,070	\$ 6,144,349
<b>Total</b>	<b>—</b>		<b>10,610,070</b>	

<sup>1</sup> Share repurchases are conducted under our share repurchase program announced in December 2023, which has no expiration date, authorizing the repurchase of up to \$20 million in shares. Share purchases under this program have been paused.

<sup>2</sup> This column includes the total value of shares available for repurchase under the Company's share repurchase program. Shares under our share repurchase program may be repurchased in open market transactions, including pursuant to a trading plan adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, or through privately negotiated transactions. The timing, manner, price and amount of repurchases will be determined at our discretion and the share repurchase program may be suspended, terminated or modified at any time for any reason.

#### Recent Sales of Unregistered Equity Securities

In connection with the acquisition of assets from General Electric Company, acting solely by and through its GE Additive business unit, on September 26, 2022, we issued an aggregate of 5,500,000 shares of our common stock (the "Share Consideration") to General Electric Company as a portion of the consideration for the assets. Such shares were issued pursuant to an exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended.

#### 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 Form 10-K. Dollar amounts in this discussion are expressed in millions, except as otherwise noted. The following discussion contains forward-looking statements that reflect future plans, estimates, beliefs and expected performance. 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 Form 10-K, particularly in Part I, Item 1A, Risk Factors. 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.

#### Key Factors Affecting Operating Results

We believe that our performance and future success depend on several factors that present significant opportunities for us but also pose risks and challenges, including but not limited to current economic uncertainties and supply chain disruptions, inflation and high interest rates as well as those discussed below and referenced in Item 1A "Risk Factors".

##### Strategic Business Developments

On November 7, 2023, the board of directors (the "Board") of the Company approved a strategic plan to wind down its powertrain business and preserve technology relating to the powertrain business, to better align its workforce with the Company's future needs, and to reduce the Company's operating costs (the "Plan"). As part of the Plan, the Company will continue to focus on commercialization of its KARNO generator technology. Following completion of the Plan, we no longer expect to recognize revenue on products not related to KARNO technology, including the Company's Hypertruck ERX system ("Hypertruck ERX") and Hylion Hybrid system ("Hybrid").

##### Successful Commercialization of KARNO Generator

Our focus in the fourth quarter of 2023 was on continuing development and testing of our fuel-agnostic KARNO stationary generator and deploying planning for the deployment of initial revenue-generating units with customers in 2024, 2025. We anticipate that a substantial portion of our capital resources and efforts in the near future will be focused on these activities. The amount and timing of our future funding requirements, if any, will depend on many factors, including but not limited to the pace of completing initial KARNO generator design, testing and validation, the pace at which we introduce initial invest in generator units to the market, additive printing capacity, our strategies plans for manufacturing KARNO generator components (whether in-house or through outsourcing to third parties), the range of product offerings we plan to bring to market and external market factors beyond our control.

#### Key Components of Statements of Operations

##### Revenue

We historically generated revenues from sales of Hybrid hybrid systems for Class 8 semi-trucks and limited quantities of Class 8 semi-trucks outfitted with the Hybrid hybrid system. As a result of the discontinuation of the electrified powertrain systems business and the shift to focus exclusively on the development and commercialization of the Company's fuel-agnostic KARNO generator technology, we do not anticipate generating future revenues until we begin revenue after commercialization of our KARNO generators. Additionally, we generate revenue from R&D services under contracts with third-parties including the U.S. government.

##### Cost of Revenue

Cost of revenue includes all direct costs such as labor and materials, overhead costs, warranty costs and any write-down of inventory to net realizable value, value, and costs associated with R&D services revenue.

##### Research and Development Expense

Research and development R&D expenses consist primarily of costs incurred for the discovery and development of our KARNO stationary generator, and electrified powertrain solutions, which include:

- personnel-related expenses including salaries, benefits, travel and share-based compensation, for personnel performing research and development R&D activities;
- fees paid to third parties such as contractors for outsourced engineering services and to consultants;
- expenses related to components for development and testing, materials, supplies and other third-party services;
- depreciation for equipment used in research and development R&D activities;

- acquired in-process research and development from asset acquisition; and
- allocation of general overhead costs.

We expect to continue to invest in **research and development** R&D activities to achieve operational and commercial goals.

#### **Selling, General and Administrative Expense**

Selling, general and administrative expenses consist of personnel-related expenses for our corporate, executive, finance, sales, marketing and other administrative functions, expenses for outside professional services, including legal, audit and accounting services, as well as expenses for facilities, depreciation, amortization, travel, sales and marketing costs. Personnel-related expenses consist of salaries, benefits and share-based compensation. Factors that also affect selling, general and administrative expense include the total number of employees, costs incurred as a result of operating as a public company, including compliance with the rules and regulations of the U.S. Securities and Exchange Commission, legal, audit, insurance, investor relations activities and other administrative and professional services.

#### **Exit and Termination Costs**

Exit and termination costs consist of employee severance and retention payments, accelerated non-cash stock-based compensation expense, contract termination and other cancellation costs, and non-cash charges including accelerated depreciation and **amortization, amortization, carrying value adjustment to assets held for sale, and recoveries from resale of assets**. These costs are a result of the **Plan** approved on November 7, 2023 to wind down our powertrain **business** to better align its workforce with the Company's **future needs**.

#### **Other Income (Expense)**

Other income currently consists primarily of interest income earned on our investments. As a result Since the acquisition of our acquisition of the KARNO generator technology, we plan have continued to assume perform as a government subcontractor on a contract with the United States Office ONR and recorded such amounts, net of Naval Research that is not expected to have a material impact on our business. We plan to seek additional government contracts costs incurred, as other income (expense). Beginning in the future quarter ending December 31, 2024, we no longer record amounts received for the performance of R&D services as other income (expense) and may reassess the classification of now record such contracts amounts received as revenue based on business strategy, revenue.

### **Results of Operations**

#### **Comparison of Years Ended December 31, 2023 December 31, 2024 and 2022**

The following table summarizes our results of operations on a consolidated basis for the years ended December 31, 2023 December 31, 2024 and 2022 2023 (in thousands, except share and per share data):

	Year Ended December 31,							
	2023	2023						
	2023	2023	2022		\$ Change		% Change	
	2024	2024						
	2024	2024	2023		\$ Change		% Change	
<b>Revenues</b>								
Product sales and other								
Product sales and other	\$ 672	\$ 2,106	\$ (1,434)	(68.1)	(68.1)	\$ (68.1)	(68.1)	—
Total revenues								
Total revenues								
Research and development services	1,509	—	1,509	N/A				
Total revenues	672	2,106	2,106	(1,434)	(1,434)	(68.1)	(68.1)	Total rev
<b>Cost of revenues</b>								
Product sales and other								
Product sales and other	1,716	8,778	8,778	(7,062)	(7,062)	(80.5)	(80.5)	%
Product sales and other								
Research and development services	1,415	—	1,415	N/A				
Total cost of revenues	1,415	1,716	1,716	(301)	(301)	(17.5)	(17.5)	

Total cost of revenues	1,716	8,778	(7,062)	(80.5)	%
<b>Gross loss</b>	<b>(1,044)</b>	<b>(6,672)</b>	<b>5,628</b>	<b>(84.4)</b>	<b>%</b>
<b>Gross profit (loss)</b>	<b>94</b>	<b>(1,044)</b>	<b>1,138</b>	<b>(109.0)</b>	<b>%</b>
<b>Operating expenses</b>					
Research and development					
Research and development					
Research and development	82,240	110,370	110,370	(28,130)	(28,130)
Selling, general and administrative	42,611	41,988	41,988	623	623
Exit and termination costs	11,474	—	—	11,474	11,474
Total operating expenses	136,325	152,358	152,358	(16,033)	(16,033)
<b>Loss from operations</b>	<b>(137,369)</b>	<b>(159,030)</b>	<b>(159,030)</b>	<b>21,661</b>	<b>21,661</b>
Interest income					
Interest income					
Interest income	13,808	5,724	5,724	8,084	8,084
Gain (loss) on impairment and disposal of assets	1	(19)	20		N/A
Gain on disposal of assets	3	1	2		200.0 %
Other income (expense), net					
Other income, net					
Other income (expense), net	50	(32)	82		N/A
Other income, net	32	50	(18)		(36.0) %
<b>Net loss</b>					
<b>Net loss</b>					
<b>Net loss</b>	<b>\$ (123,510)</b>	<b>\$ (153,357)</b>	<b>\$ 29,847</b>	<b>(19.5)</b>	<b>\$ (52,048)</b>
Net loss per share, basic and diluted					
Net loss per share, basic and diluted					
Net loss per share, basic and diluted	\$ (0.68)	\$ (0.87)	\$ 0.19	(21.8)	(21.8) % \$ (0.30)
Weighted-average shares outstanding, basic and diluted					
Weighted-average shares outstanding, basic and diluted					
Weighted-average shares outstanding, basic and diluted	<u>181,411,069</u>	<u>175,400,486</u>	<u>175,400,486</u>	<u>6,010,583</u>	<u>6,010,583</u>

#### Revenue and Cost of Revenues

**Sales** In the fourth quarter of 2024, we began recognizing revenue for R&D services performed as both a prime and subcontractor to the United States government. Revenue for R&D services increased \$1.5 million and associated cost of revenues increased \$1.4 million.

Revenue associated with our **Hybrid** hybrid products decreased \$1.4 million. As \$0.7 million and associated cost of revenues decreased \$1.7 million as a result of our strategic review and decision to **wind down** discontinue our powertrain business, we do not anticipate further revenue until we begin commercialization of our KARNO generator.

#### Cost of Revenues

Cost of revenues associated with our **Hybrid** products decreased \$7.1 million. The decrease in cost of revenues includes:

- A decrease in inventory write-downs of \$4.5 million attributable to inventory on hand that had a cost higher than its expected net realizable value as we purchased less inventory in the current year;
- A decrease in costs associated with sales of Hybrid systems of \$2.2 million; and
- A decrease in warranty costs of \$0.4 million for estimated costs to administer and maintain the warranty program for labor, transportation and parts, excluding any contribution from vendors as we sold fewer Hybrid systems in the current year.

#### Research and Development

Research and development R&D expenses decreased \$28.1 million \$45.2 million due to:

- A decrease of \$28.8 million related to KARNO technology acquired in September 2022 from General Electric Company's GE Additive business to develop and commercialize the fuel agnostic KARNO generator; and
- A decrease of \$13.4 million \$63.6 million for the design and testing of our Hypertruck ERX system; system due to our strategic decision to wind down our powertrain business; offset by
- An increase of \$14.1 million \$18.4 million for the design and testing of our KARNO stationary generator.

#### Selling, General and Administrative

Selling, general, and administrative expenses increased \$0.6 million decreased \$18.2 million primarily due to to wind down of our powertrain business:

- An increase a decrease of \$1.3 million \$9.3 million in personnel and benefits;
- a decrease of \$3.7 million in professional services and other one-time charges; services;
- a decrease of \$1.1 million in marketing; and
- An increase of \$1.2 million in personnel and benefits, offset by costs related to the prior-year departure of our previous Chief Financial Officer; partially offset by
- A decrease of \$2.3 million for insurance costs. \$1.1 million in insurance.

#### Exit and Termination Costs

On November 7, 2023, the Board approved a strategic plan to wind down its powertrain business and preserve technology relating to the powertrain business, to better align its workforce with the Company's future needs, and to reduce the Company's operating costs (the "Plan"). Exit and termination costs of \$11.5 million were decreased by \$8.5 million as a result of the strategic plan adoption of the Plan and items discussed in Note 2 of the notes to the consolidated financial statements. statements, including recoveries from assets sold.

#### Interest Income

Other Income (Expense) Interest income decreased )

Total other income increased \$8.2 million primarily \$1.6 million primarily due to an increase the decline in interest income on investments. our investment balance.

#### Cash Flows

Net cash, cash equivalents and restricted cash provided by or used in operating activities, investing activities and financing activities is summarized as follows for the periods indicated and should be read in conjunction with our consolidated financial statements and the notes thereto included in Part II, Item 8 of this Annual Report on Form 10-K (in thousands):

	Year Ended December 31,		
	2023	2022	2024
Cash from operating activities			
Cash from investing activities			
Cash from financing activities			
	\$		

#### Cash from Operating Activities

For the year ended December 31, 2024, cash flows used in operating activities were \$56.7 million. Cash used primarily related to a net loss of \$52.0 million, adjusted for \$14.6 million change in working capital accounts and \$9.9 million in certain non-cash expenses (including \$6.5 million related to carrying value adjustments to assets held for sale offset by \$2.9 million in gains on asset sales, \$4.6 million related to share-based compensation, and \$1.6 million related to lease charges, inclusive of \$1.1 million received for tenant improvements).

For the year ended December 31, 2023, cash flows used in operating activities were \$117.0 million. Cash used primarily related to a net loss of \$123.5 million, adjusted for \$2.9 million change in working capital accounts and \$9.5 million in certain non-cash expenses (including \$6.2 million related to share-based compensation, \$1.1 million related to inventory write-downs and \$0.6 million related to depreciation, amortization and accretion charges).

For the year ended December 31, 2022, cash flows used in operating activities were \$116.9 million. Cash used primarily related to a net loss of \$153.4 million, adjusted for \$8.7 million change in working capital accounts and \$45.2 million in certain non-cash expenses (including \$28.8 million related to acquired in-process research and

**development comprised of the non-cash component and the cash component attributable to investing activities, \$7.0 million related to share-based compensation, \$5.6 million related to inventory write-downs and \$2.5 million related to depreciation, amortization and accretion charges).**

#### **Cash from Investing Activities**

For the year ended **December 31, 2023** **December 31, 2024**, cash flows provided by investing activities were \$59.5 million. Cash provided related to the purchase of investments totaling \$96.3 million and property and equipment of \$16.5 million, offset by the sale or maturity of investments of \$166.9 million and proceeds from sale of property and equipment of \$5.4 million.

For the year ended December 31, 2023, cash flows used in investing activities were \$18.3 million. Cash used primarily related to the purchase of investments totaling \$189.7 million and property and equipment of \$7.4 million, offset by the sale or maturity of investments of \$215.4 million.

#### **Cash from Financing Activities**

For the year ended **December 31, 2022** **December 31, 2024**, cash flows used in investing financing activities were \$22.0 million. Cash used \$14.3 million, primarily related due to the purchase of investments totaling \$268.6 million, the cash component of acquired in-process research and development of \$14.4 million and property and equipment of \$2.9 million, partially offset by the sale or maturity of investments of \$263.7 million.

#### **Cash from Financing Activities stock repurchases.**

For the year ended December 31, 2023, cash flows used in financing activities were nil.

For the year ended December 31, 2022, cash flows used in financing activities were \$0.1 million. Cash flows were primarily due to payment of taxes related to net share settlement of equity awards of \$0.2 million.

#### **Liquidity and Capital Resources**

At **December 31, 2023** **December 31, 2024**, our current assets were \$181.7 million \$131.0 million, consisting primarily of cash and cash equivalents of \$12.9 million \$9.2 million, short-term investments of \$150.3 million \$110.9 million, and prepaid expenses of \$18.5 million \$6.4 million. Our current liabilities were \$15.1

**million \$14.3 million** primarily comprised of accounts payable, accrued expenses and operating lease liabilities. We also had \$128.2 million \$99.6 million of investments in longer-term liquid securities which we maintain to generate higher income on capital that we do not expect to spend in the next 12 months.

We believe the credit quality and liquidity of our investment portfolio at **December 31, 2023** **December 31, 2024** is strong and will provide sufficient liquidity to satisfy operating requirements, working capital purposes and strategic initiatives. The unrealized gains and losses of the portfolio may remain volatile as changes in the general interest rate environment and supply and demand fluctuations of the securities within our portfolio impact daily market valuations. To mitigate the risk associated with this market volatility, we deploy a relatively conservative investment strategy focused on capital preservation and liquidity whereby no investment security may have a final maturity of more than 36 months from the date of acquisition or a weighted average maturity exceeding 18 months. Eligible investments under the Company's investment policy bearing a minimum credit rating of A1, A-1, F1 or higher for short-term investments and A2, A, or higher for longer-term investments include money market funds, commercial paper, certificates of deposit and municipal securities. Additionally, all of our debt securities are classified as held-to-maturity as we have the intent and ability to hold these investment securities to maturity, which minimizes any realized losses that we would recognize prior to maturity. However, even with this approach we may incur investment losses as a result of unusual or unpredictable market developments, and we may experience reduced investment earnings if the yields on investments deemed to be low risk remain low or decline further due to unpredictable market developments. In addition, these unusual and unpredictable market developments may also create liquidity challenges for certain of the assets in our investment portfolio.

Based on our past performance, we believe our current and long-term assets will be sufficient to continue and execute on our business strategy and meet our capital requirements for the next twelve months. **We do not expect to need to raise additional equity capital for the foreseeable future.** Our primary short-term cash needs are costs associated with KARNO generator development, building our initial deployment units and the exit from our powertrain business, capital investments for additive printer acquisitions. Longer term, our capital needs will be determined by our go-to-market strategy as well as governmental R&D, which may include development of our own KARNO generator manufacturing capacity or outsourcing this work to third parties or business partners. In December 2023, we announced an authorized share repurchase program to repurchase up to \$20 million of our outstanding common stock. We repurchased \$33 thousand \$14.0 million in common stock during the year ended **December 31, 2023**. **December 31, 2024** but have currently paused any additional repurchases under this program. Based on current projections of operating expenses, capital spending, working capital growth and historical share repurchases, we expect to have between \$220 and \$230 million approximately \$160 million in cash, short-term and long-term investments remaining on our balance sheet at the end of **2024**.

We expect to continue to incur net losses in the short term, as we continue to execute on our strategic initiatives by completing the development and commercialization of the KARNO generator with anticipated initial customer deployments in **late 2024**, **2025**. However, actual results could vary materially and **negatively adversely** as a result of a number of factors including, but not limited to, those discussed in Part I, Item 1A. "Risk Factors."

The amount and timing of our future funding requirements, if any, will depend on many factors, including the **pace scope** and results of our **research and development R&D** efforts, the breadth of product offerings we plan to commercialize, the **pace growth** of sales, **working capital needs**, and our long-term **plan** manufacturing plan for the KARNO generator including **plans for the pace of investments in additive manufacturing assets, methods of financing additive printer** these investments, as well as factors that are outside of our control. **We regularly evaluate our funding needs and sources of capital and may seek external funding in the appropriate circumstances.**

During the periods presented, we did not have any **relationships** with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, which were established for the purpose of facilitating off-balance sheet arrangements.

#### **Contractual Obligations and Capital Resources**

We manage our use of cash in the operation of our business to support the execution of our primary strategic goals including the design, development and sale of the KARNO generator. We primarily use cash for **research and development R&D** activities, capital investments and general and administrative costs.

Our cash requirements beyond twelve months include:

- Leases — Refer to Note 9 of the notes to the consolidated financial statements for further information of our obligations and the timing of expected payments.
- Purchase Commitments — Purchase obligations include non-cancelable purchase commitments related to materials purchase agreements and volume commitments which are entered into from time to time. As of December 31, 2023 December 31, 2024,

there were no such non-cancelable purchase commitments. Refer to Note 2 of the notes to the consolidated financial statements for further information of our exit obligations and the timing of expected payments.

#### Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these consolidated financial statements requires us to make estimates

and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet date, as well as the reported expenses incurred during the reporting period. Management bases its estimates on historical experience and on various other assumptions believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates, and such differences could be material to our financial statements.

We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

While our significant accounting policies are described in the notes to our financial statements (see Note 3 in the accompanying audited consolidated financial statements), we believe that the following accounting policies require a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our financial condition and results of operations.

#### Revenue Recognition

Revenue was historically comprised The Company performs under three contracts as both a prime and subcontractor to the United States government to provide R&D services, primarily to research the suitability of sales of Hybrid systems its KARNO generator for Class 8 semi-trucks, Class 8 semi-trucks outfitted with Hybrid systems Navy ships and specific other features and services that met stationary power applications on a best effort cost-plus-fixed fee basis. The transaction price allocated to the definition of a performance obligation, including internet connectivity and data processing. We provided installation services for the Hybrid system onto the customers' vehicle. The Company's products were marketed and sold to end-user fleet customers in North America. When our contracts with customers contained multiple remaining unsatisfied performance obligations and where material, the contract transaction price under these contracts was allocated on a relative standalone selling price basis up to each performance obligation.

We recognized revenue on Hybrid system sales and Class 8 semi-trucks outfitted with Hybrid systems upon delivery to, and acceptance \$15.7 million as of the vehicle by, the customer, December 31, 2024, which is when control transfers. Contracts were reviewed for significant financing components expected to be recognized in 2025 and payments were typically received within 30 days of delivery. The sale of 2026. There is a Hybrid system to an end-use fleet customer consisted of a completed modification to the customer vehicle and the installation services involved significant integration of the Hybrid system with the customer's vehicle. Installation services were not distinct within the context of the contract and together with the sale of the Hybrid system represented a single performance obligation. We did not offer any sales returns. Amounts billed to customers related to shipping and handling were classified as revenue, and we have elected to recognize the cost for freight and shipping when control has transferred to the customer as a cost of revenue. Our policy is to exclude taxes collected from customers from the transaction price of contracts.

When a Class 8 semi-truck outfitted with a Hybrid system was resold to a customer, judgment was required to determine if we were the principal or agent in the arrangement. We considered factors such as, but not limited to, which entity had the primary responsibility for fulfilling the promise to provide the specified good or service, which entity had inventory risk before the specified good or service had been transferred to a customer and which entity had discretion in establishing the price for the specified good or service. We have determined that we were the principal in transactions involving the resale of Class 8 semi-trucks outfitted with the Hybrid system.

We had limited sales history of our Hybrid systems and therefore were required to make certain estimates and assumptions with regard to the recognition of revenue including, among other things, the value of any future performance obligations.

#### Inventories

Inventory is comprised of raw materials, work in process and finished goods. Semi-truck inventory is valued using the specific identification cost method and all other inventory is valued using the moving-average cost method. Inventory is stated at the lower of cost or net realizable value. We review our inventory to determine whether its carrying value exceeds the net amount realizable we expect to receive upon the ultimate sale of the inventory. This requires us to determine the estimated selling price of inventory less the estimated cost to convert the inventory on-hand into a finished product and other costs, which we determined includes the cost of installation and validation, to align with the transfer of control to customers in our revenue policy. Inventory write-downs are first allocated to all other inventory with any residual allocated to semi-truck inventory.

Once inventory is written-down based on a lower of cost or net realizable value analysis, that amount establishes the new carrying value of inventory if written-down at year end, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis. Interim impairments are reversed and reassessed at each reporting period.

During the fourth quarter of 2021, we changed from a research and development phase services performance obligation in each of these contracts that is measured over time as the services are performed. The Company generally invoices monthly which corresponds directly with the value to the customers of the performance completed to date, and recognizes revenue in the amount that it has a production phase for our Hybrid system product. right to invoice. Payment is ordinarily due within 90 days of invoice submission.

#### Inventories

Through December 31, 2023 December 31, 2024, we have not yet commercialized the KARNO generator. Costs incurred for components acquired prior to our determination of reaching a commercial stage are expensed as **research and development**.

**R&D** costs, resulting in zero cost basis for those components. As a result, moving-average prices for inventory that is capitalized in future periods may be significantly affected by those zero cost items.

#### **Warranties**

We historically provided limited assurance-type warranties under our **Inventory** is consumed in the performance of R&D revenue contracts in the quarter in which it is purchased and we therefore do not offer extended warranties. We plan record inventory at each reporting period pertaining to continue to service legacy warranties through their remaining term. The warranty period typically extends for the lesser of two years or 200,000 miles following transfer of control and solely relates to correction of product defects during the warranty period. We recognize the cost of the warranty upon transfer of control based on estimated and historical claims rates and fulfillment costs, which are variable. Should product failure rates and fulfillment costs differ from these estimates, material revisions to the estimated warranty liability would be required. Warranty expense is recorded as a component of cost of revenue.

#### **Acquisitions and Disposals contracts.**

##### **Disposals**

On November 7, 2023, the Board approved a strategic plan to wind down its powertrain business and preserve technology relating to the powertrain business, to better align its workforce with the Company's future needs, and to reduce the Company's operating costs (the "Plan"). We have made certain estimates of the cash expenditures and charges that the Company expects to incur in connection with the Plan which may differ materially from estimates.

##### **Acquisitions**

To determine whether acquisitions should be accounted for as a business combination or as an asset acquisition, we make certain judgments which include assessing whether the acquired set of activities and assets meet the definition of a business. If the acquired set of activities and assets meets the definition of a business, assets acquired and liabilities assumed are required to be recorded at their respective fair values as of the acquisition date with the excess of the purchase price over the fair value of the acquired net assets recorded as goodwill. If the acquired set of activities and assets does not meet the definition of a business, the transaction is recorded as an acquisition of assets and, therefore, any acquired in-process research and development ("IPR&D") that does not have an alternative future use is charged to expense at the acquisition date, and no goodwill is recorded.

The judgments made in determining estimated fair values of assets acquired and liabilities assumed in a business combination or asset acquisition, as well as estimated asset lives, can materially affect our consolidated results of operations. All assets acquired in 2022 were valued using level 3 inputs with property and equipment valued using a cost approach and IPR&D valued using an income approach based on management's projections. The fair values of assets, including acquired IPR&D, are determined using information available near the acquisition date based on estimates and assumptions that are deemed reasonable by management. Significant estimates and assumptions include, but are not limited to, probability of technical success, revenue growth, future revenues and expenses and discount rate.

##### **Share-Based Compensation**

We account for share-based payments that involve the issuance of shares of our common stock to employees and nonemployees and meet the criteria for share-based awards as share-based compensation expense based on the grant-date fair value of the award. The Company has elected to recognize the adjustment to share-based compensation expense in the period in which forfeitures occur. We recognize compensation expense for awards with only service conditions on a straight-line basis over the requisite service period for the entire award.

If factors change, and we utilize different assumptions including the probability of achieving performance conditions, share-based compensation cost on future award grants may differ significantly from share-based compensation cost recognized on past award grants. If there are any modifications or cancellations of the underlying unvested securities, we may be required to accelerate any remaining unearned share-based compensation cost or incur incremental cost. Share-based compensation cost affects our **research and development** R&D and selling, general and administrative expenses.

We granted 2.7 million restricted stock units in 2024 that will vest between February 13, 2025 and December 31, 2026 contingent upon achieving time-based requirements. These awards were valued at \$0.83 per unit using fair value hierarchy Level III inputs including an underlying share volatility of 90% and a risk-free rate of 4.35%.

##### **Income Taxes**

We recognize deferred taxes for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. At December 31, 2023 December 31, 2024, we had federal net operating loss carryforwards of \$297.9 million \$346.2 million and state net operating loss carryforwards of \$12.5 million that expire in various years starting in 2036. The Company also has R&D credits of \$4.7 million that begin to expire in 2037.

Deferred tax assets are regularly assessed to determine the likelihood they will be realized from future taxable income. A valuation allowance is established when we believe it is not more likely than not all or some of a deferred tax asset will be realized. In evaluating our ability to recover deferred tax assets within the jurisdiction in which they arise, we consider all available positive and negative evidence. Factors reviewed include the cumulative pre-tax book income for the past three years,

scheduled reversals of deferred tax liabilities, our history of earnings and reliable forecasting, projections of pre-tax book income over the foreseeable future, and the impact of any feasible and prudent tax planning strategies. Due to cumulative losses over recent years and based on all available positive and negative evidence, we have determined that it is not more likely than not that our net deferred tax assets will be realizable as of December 31, 2023 December 31, 2024. We intend to continue maintaining a full valuation allowance on

our deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. A release of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense or an income tax benefit for the period in which the release is recorded.

#### **New and Recently Adopted Accounting Pronouncements**

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standard setting bodies that are adopted by us as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently issued standards that are not yet effective will not have a material impact on our financial position or results of operations under adoption.

See *Recent Accounting Pronouncements Issued, not yet adopted* under Note 3 – Summary of Significant Accounting Policies in the notes to the **2023** **2024** consolidated financial statements for more information about recent accounting pronouncements, the timing of their adoption and our assessment, to the extent we have made one, of their potential impact on our financial condition and results of operations.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are a smaller reporting company as defined in Rule 12b-2 under the Exchange Act. As a result, pursuant to Item 305(e) of Regulation S-K, we are not required to provide the information required by this Item.

#### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

##### **INDEX TO FINANCIAL STATEMENTS**

<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID: 248)</a>	F-2
Consolidated Financial Statements	
<a href="#">Consolidated Balance Sheets</a>	F-3
<a href="#">Consolidated Statements of Operations</a>	F-4
<a href="#">Consolidated Statements of Stockholders' Equity</a>	F-5
<a href="#">Consolidated Statements of Cash Flows</a>	F-6
<a href="#">Notes to Consolidated Financial Statements</a>	F-7

#### **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Stockholders  
Hyliion Holdings Corp.

##### **Opinion on the financial statements**

We have audited the accompanying consolidated balance sheets of Hyliion Holdings Corp, a Delaware corporation and subsidiaries (the "Company") as of **December 31, 2023** **December 31, 2024** and **2022, 2023**, the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the two years in the period ended **December 31, 2023** **December 31, 2024**, and the related notes (collectively referred to as the "financial consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of **December 31, 2023** **December 31, 2024** and **2022, 2023**, and the results of its operations and its cash flows for each of the two years in the period ended **December 31, 2023** **December 31, 2024**, in conformity with accounting principles generally accepted in the United States of America.

##### **Change in accounting principle**

As discussed in Note 3 to the consolidated financial statements, the Company has adopted new accounting guidance in 2024 related to the disclosure of segment information in accordance with ASU 2023-07, *Segment Reporting (Topic 280)*. The adoption was retrospectively applied to 2023.

##### **Basis for opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("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. **The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.**

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

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined there were no critical audit matters.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2020.

Dallas, Texas

February 13, 2024 25, 2025

**HYLIION HOLDINGS CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollar amounts in thousands, except share data)

	December 31,			
	2023	2022	2024	2023
<b>Assets</b>				
Current assets				
Current assets				
Current assets				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents				
Accounts receivable, net				
Inventory				
Prepaid expenses and other current assets				
Prepaid expenses and other current assets				
Prepaid expenses and other current assets				
Short-term investments				
Assets held for sale				
Total current assets				
Property and equipment, net				
Property and equipment, net				
Property and equipment, net				
Property and equipment, net				
Operating lease right-of-use assets				
Intangible assets, net				
Other assets				
Other assets				
Other assets				
Long-term investments				
<b>Total assets</b>				

<b>Liabilities and stockholders' equity</b>
<b>Liabilities and stockholders' equity</b>
<b>Liabilities and stockholders' equity</b>
Current liabilities
Current liabilities
Current liabilities
Accounts payable
Accounts payable
Accounts payable
Current portion of operating lease liabilities
Accrued expenses and other current liabilities
Total current liabilities
Operating lease liabilities, net of current portion
Operating lease liabilities, net of current portion
Operating lease liabilities, net of current portion
Other liabilities
<b>Total liabilities</b>
Commitments and contingencies (Note 14)
Commitments and contingencies (Note 14)
Commitments and contingencies (Note 14)
Commitments and contingencies (Note 12)
Commitments and contingencies (Note 12)
Commitments and contingencies (Note 12)
<b>Stockholders' equity</b>
<b>Stockholders' equity</b>
<b>Stockholders' equity</b>
Common stock, \$0.0001 par value; 250,000,000 shares authorized; 183,071,317 and 179,826,309 shares issued and outstanding at December 31, 2023 and 2022, respectively
Common stock, \$0.0001 par value; 250,000,000 shares authorized; 183,071,317 and 179,826,309 shares issued and outstanding at December 31, 2023 and 2022, respectively
Common stock, \$0.0001 par value; 250,000,000 shares authorized; 183,071,317 and 179,826,309 shares issued and outstanding at December 31, 2023 and 2022, respectively
Common stock, \$0.0001 par value; 250,000,000 shares authorized; 184,428,472 and 183,071,317 shares issued as of December 31, 2024 and 2023, respectively; 173,818,402 and 183,034,255 shares outstanding as of December 31, 2024 and 2023, respectively
Common stock, \$0.0001 par value; 250,000,000 shares authorized; 184,428,472 and 183,071,317 shares issued as of December 31, 2024 and 2023, respectively; 173,818,402 and 183,034,255 shares outstanding as of December 31, 2024 and 2023, respectively
Common stock, \$0.0001 par value; 250,000,000 shares authorized; 184,428,472 and 183,071,317 shares issued as of December 31, 2024 and 2023, respectively; 173,818,402 and 183,034,255 shares outstanding as of December 31, 2024 and 2023, respectively
Additional paid-in capital
Treasury stock, at cost; 37,062 and no shares as of December 31, 2023 and 2022, respectively
(Accumulated deficit) retained earnings
Treasury stock, at cost; 10,610,070 and 37,062 shares as of December 31, 2024 and 2023, respectively
Accumulated deficit
<b>Total stockholders' equity</b>
<b>Total liabilities and stockholders' equity</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**HYLIION HOLDINGS CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Dollar amounts in thousands, except share and per share data)

Year Ended December 31,

Year Ended December 31,  
Year Ended December 31,

	2023	2024
<b>Revenues</b>		
<b>Revenues</b>		
<b>Revenues</b>		
Product sales and other		
Product sales and other		
Product sales and other		
Research and development services		
Research and development services		
Research and development services		
Total revenues		
Total revenues		
Total revenues		
<b>Cost of revenues</b>		
<b>Cost of revenues</b>		
<b>Cost of revenues</b>		
Product sales and other		
Product sales and other		
Product sales and other		
Research and development services		
Research and development services		
Research and development services		
Total cost of revenues		
Total cost of revenues		
Total cost of revenues		
<b>Gross loss</b>		
<b>Gross loss</b>		
<b>Gross loss</b>		
<b>Gross profit (loss)</b>		
<b>Gross profit (loss)</b>		
<b>Gross profit (loss)</b>		
<b>Operating expenses</b>		
<b>Operating expenses</b>		
<b>Operating expenses</b>		
Research and development		
Research and development		
Research and development		
Selling, general and administrative		
Selling, general and administrative		
Selling, general and administrative		
Exit and termination costs		
Exit and termination costs		
Exit and termination costs		
Total operating expenses		
Total operating expenses		
Total operating expenses		
<b>Loss from operations</b>		
<b>Loss from operations</b>		

**Loss from operations**

Interest income

Interest income

Interest income

Gain (loss) on impairment and disposal of assets

Gain (loss) on impairment and disposal of assets

Gain (loss) on impairment and disposal of assets

Gain on disposal of assets

Gain on disposal of assets

Gain on disposal of assets

Other income (expense), net

Other income, net

Other income (expense), net

Other income, net

Other income (expense), net

Other income, net

Net loss

Net loss

Net loss

Net loss per share, basic and diluted

Net loss per share, basic and diluted

Net loss per share, basic and diluted

Weighted-average shares outstanding, basic and diluted

Weighted-average shares outstanding, basic and diluted

Weighted-average shares outstanding, basic and diluted

*The accompanying notes are an integral part of these consolidated financial statements.*

**HYLIION HOLDINGS CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(Dollar amounts in thousands, except share data)

	Common Stock	Common Stock	Treasury Stock	Additional Paid-In Capital	(Accumulated Deficit) Retained Earnings	Total Stockholders' Equity	Common Stock	Treasury Stock	Additional Paid-In Capital	(Accumulated Deficit) Retained Earnings	Total Stockholders' Equity
<b>Shares</b>											
<b>Balance at December 31, 2021</b>											
<b>Balance at December 31, 2022</b>											
<b>Balance at December 31, 2021</b>											
<b>Balance at December 31, 2022</b>											
<b>Balance at December 31, 2021</b>											
Issuance of common stock for acquisition											
<b>Balance at December 31, 2022</b>											
Exercise of common stock options and vesting of restricted stock units, net											
Share-based compensation											
Repurchase of treasury stock											
Net loss											
<b>Balance at December 31, 2022</b>											
<b>Balance at December 31, 2023</b>											

Exercise of common stock options and  
vesting of restricted stock units, net  
Exercise of common stock options and  
vesting of restricted stock units, net  
Exercise of common stock options and  
vesting of restricted stock units, net

Share-based compensation

Repurchase of treasury stock

Net loss

**Balance at December 31, 2023**

**Balance at December 31, 2024**

*The accompanying notes are an integral part of these consolidated financial statements.*

**HYLIION HOLDINGS CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Dollar amounts in thousands)

	2023	2024	Year Ended December 31, Year Ended December 31, Year Ended December 31,
<b>Cash flows from operating activities</b>			
<b>Cash flows from operating activities</b>			
<b>Cash flows from operating activities</b>			
Net loss			
Net loss			
Net loss			
Adjustments to reconcile net loss to net cash used in operating activities:			
Adjustments to reconcile net loss to net cash used in operating activities:			
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization			
Depreciation and amortization			
Depreciation and amortization			
Amortization and accretion of investments, net			
Amortization and accretion of investments, net			
Amortization and accretion of investments, net			
Noncash lease expense			
Noncash lease expense			
Noncash lease expense			
Inventory write-down			
Inventory write-down			
Inventory write-down			
(Gain) loss on impairment and disposal of assets			
(Gain) loss on impairment and disposal of assets			
(Gain) loss on impairment and disposal of assets			
Gain on disposal of assets, including assets held for sale			
Gain on disposal of assets, including assets held for sale			
Gain on disposal of assets, including assets held for sale			
Share-based compensation			
Share-based compensation			

Share-based compensation
Provision for doubtful accounts
Provision for doubtful accounts
Provision for doubtful accounts
Acquired in-process research and development (Note 2)
Acquired in-process research and development (Note 2)
Carrying value adjustment to assets held for sale
Acquired in-process research and development (Note 2)
Change in operating assets and liabilities, net of effects of business acquisition:
Change in operating assets and liabilities, net of effects of business acquisition:
Change in operating assets and liabilities, net of effects of business acquisition:
Carrying value adjustment to assets held for sale
Carrying value adjustment to assets held for sale
Change in operating assets and liabilities:
Change in operating assets and liabilities:
Change in operating assets and liabilities:
Accounts receivable
Accounts receivable
Accounts receivable
Inventory
Inventory
Inventory
Prepaid expenses and other assets
Prepaid expenses and other assets
Prepaid expenses and other assets
Accounts payable
Accounts payable
Accounts payable
Accrued expenses and other liabilities
Accrued expenses and other liabilities
Accrued expenses and other liabilities
Operating lease liabilities
Operating lease liabilities
Operating lease liabilities
Net cash used in operating activities
Net cash used in operating activities
Net cash used in operating activities
<b>Cash flows from investing activities</b>
<b>Cash flows from investing activities</b>
<b>Cash flows from investing activities</b>
Purchase of property and equipment and other
Purchase of property and equipment and other
Purchase of property and equipment and other
Purchase of property and equipment
Purchase of property and equipment
Purchase of property and equipment
Proceeds from sale of property and equipment
Proceeds from sale of property and equipment
Proceeds from sale of property and equipment
Purchase of in-process research and development
Purchase of in-process research and development
Purchase of in-process research and development

Payments for security deposit, net
Payments for security deposit, net
Payments for security deposit, net
Payments for security deposit
Payments for security deposit
Payments for security deposit
Purchase of investments
Purchase of investments
Purchase of investments
Proceeds from sale and maturity of investments
Proceeds from sale and maturity of investments
Proceeds from sale and maturity of investments
Net cash provided by (used in) investing activities
Net cash provided by (used in) investing activities
Net cash provided by (used in) investing activities
Net cash provided by investing activities
Net cash provided by investing activities
Net cash provided by investing activities
<b>Cash flows from financing activities</b>
<b>Cash flows from financing activities</b>
<b>Cash flows from financing activities</b>
Proceeds from exercise of common stock options
Proceeds from exercise of common stock options
Proceeds from exercise of common stock options
Taxes paid related to net share settlement of equity awards
Taxes paid related to net share settlement of equity awards
Taxes paid related to net share settlement of equity awards
Repurchase of treasury stock
Repurchase of treasury stock
Repurchase of treasury stock
Net cash used in financing activities
Net cash used in financing activities
Net cash used in financing activities
Net decrease in cash and cash equivalents and restricted cash
Net decrease in cash and cash equivalents and restricted cash
Net decrease in cash and cash equivalents and restricted cash
Cash and cash equivalents and restricted cash, beginning of period
Cash and cash equivalents and restricted cash, beginning of period
Cash and cash equivalents and restricted cash, beginning of period
Cash and cash equivalents and restricted cash, end of period
Cash and cash equivalents and restricted cash, end of period
Cash and cash equivalents and restricted cash, end of period

*The accompanying notes are an integral part of these consolidated financial statements.*

**HYLIION HOLDINGS CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollar amounts in thousands, except as separately indicated)

**Note 1. Description of Organization and Business Operations and Basis of Presentation**

**Overview**

Hylion Holdings Corp. is a Delaware corporation headquartered in Cedar Park, Texas, that designs and develops power generators for stationary power and mobile applications and electric powertrain systems. provides research and development ("R&D") services. References to the "Company," "Hylion," "we," or "us" in this report refer to Hylion Holdings Corp. and its wholly owned subsidiary, unless expressly indicated or the context otherwise requires.

The Company plans to develop and commercialize a fuel-agnostic generator (the "KARNO generator") to be used in stationary power applications. The Company believes the KARNO generator is well positioned to address the rising strain on electrical infrastructure, notably from electric vehicles.

The Company announced a strategic review of alternatives for its electric powertrain business on October 10, 2023 citing lower than expected industry adoption of electric trucks, significant increases in component costs, changing regulatory requirements, and uncertainty about its ability to raise additional capital needed for ongoing investment in the business as reason for undertaking this strategic review. On November 7, 2023, the board of directors (the "Board") determined that the Company would wind down operating the powertrain business. Hylion intends to retain the technology of the powertrain business technology and will continue to explore potential sales or future use of both the technology and tangible assets from the powertrain business.

#### **Basis of Presentation and Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Hylion Holdings Corp. and its wholly owned subsidiary. Intercompany transactions and balances have been eliminated upon consolidation. The consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and in accordance with the rules and regulations of the United States Securities and Exchange Commission ("SEC"). Any reference in these footnotes to the applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB"). Certain prior period balances have been reclassified to conform to the current period presentation in the consolidated financial statements and the accompanying notes.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The Company is an early-stage growth company and has generated negative cash flows from operating activities since inception. At December 31, 2023 December 31, 2024, the Company had total equity of \$306.3 million \$244.4 million, inclusive of cash and cash equivalents of \$12.9 million \$9.2 million and total investments of \$278.5 million \$210.5 million. Based on this, the Company has sufficient funds to continue to execute its business strategy for the next twelve months from the issuance date of the financial statements included in this Annual Report on Form 10-K.

#### **Note 2. Acquisitions and Disposals**

##### **Disposals**

On November 7, 2023, the Board of the Company approved a strategic plan to wind down its powertrain business and preserve technology relating to the powertrain business, to better align its workforce with the Company's future needs, and to reduce the Company's operating costs related intellectual property (the "Plan"). As part of the Plan, the Company will continue to focus on commercialization of its KARNO generator technology. Following completion of the Plan, we no longer expect to recognize revenue on products not related to KARNO technology, including the Company's Hypertruck ERX system ("Hypertruck ERX") and Hylion Hybrid system ("Hybrid"). The Company continues to evaluate opportunities to monetize certain of the tangible assets relating to the Business, but no assurances can be provided that any such opportunities will be realized. The Company expects the wind-down to be primarily completed by the end of the Company's first quarter of fiscal year 2024. We have not accounted for the impacts of the Plan as a discontinued operation through December 31, 2023, December 31, 2024 as we have not abandoned or sold the underlying intellectual property and substantial ongoing wind-down continue wind down activities. We expect to complete wind down activities remain.

The Plan included a reduction of in the Company's workforce by approximately 175 people, or 67%, with some severance agreements that provide for continued services through various dates fourth quarter of the Company's fiscal year 2024. The Plan is expected to result in total 2025.

Total charges and expenses of approximately \$20.4 million including: (i) \$1.2 million in employee severance and retention payments, (ii) \$0.7 million in accelerated non-cash stock-based compensation expense, (iii) \$14.5 million in contract termination and other cancellation costs, excluding amounts recoverable from resale of tangible assets, and (iv) \$4.0 million in non-cash charges, including accelerated depreciation and amortization. Charges and expenses related to the Plan of \$3.0 million and \$11.5 million were incurred in for the Company's fourth quarter years ended December 31, 2024 and 2023, respectively, inclusive of fiscal year 2023 recoveries from assets sold and charges to assets held for sale discussed below, are included in exit and termination costs in the consolidated statements of operations. The remaining \$8.9 million in charges and expenses are expected to be incurred in the first quarter of fiscal 2024, excluding amounts recoverable from resale of tangible assets.

The change in total liabilities associated with the Plan excluding warranty balances in Note 12, is summarized as follows (in millions). These balances are included within accrued expenses and other current liabilities as presented in Note 11, with the remainder included within 10, and accounts payable, payable, and is summarized as follows (in millions):

	December 31, 2022	December 31, 2022	December 31, 2022	December 31, 2023	December 31, 2023	December 31, 2023
Employee severance and retention						
Employee severance and retention						
Employee severance and retention						
Contract terminations						
Contract terminations						

Employee severance and retention  
Employee severance and retention  
Employee severance and retention  
Contract terminations  
Contract terminations

Contract terminations		\$		
Warranty obligations		\$		
Warranty obligations		\$		
Warranty obligations		\$		
		\$		
		\$		
		\$		
		\$		
	December 31, 2022	Charged to Expense	Costs Paid or Settled	December 31, 2023
Employee severance and retention	\$ —	\$ 1.2	\$ (0.1)	\$ 1.1
Contract terminations	—	8.2	(1.7)	6.5
Warranty obligations	0.5	0.1	(0.2)	0.4
	<u>\$ 0.5</u>	<u>\$ 9.5</u>	<u>\$ (2.0)</u>	<u>\$ 8.0</u>

The above estimates of the cash expenditures and charges that the Company expects to incur in connection with the Plan, and the timing thereof, are subject to a number of assumptions and actual amounts may differ materially from estimates. In addition, the Company may incur other cash expenditures or charges not currently contemplated due to unanticipated events.

#### Assets Held for Sale

Through the quarter ended December 31, 2024, certain assets of our powertrain business, including Class 8 semi-trucks and capital equipment, were being actively marketed for sale, and we were actively locating buyers for these assets at prices that may occur, including were reasonable in relation to their current fair value and the assets were available for immediate sale in their present condition. At the time of initial classification as held for sale, we estimated that the sale of these assets was expected to be completed within one year and it was unlikely that significant changes to the plan of sale would be made. We review assets held for sale each reporting period to determine whether the existing carrying amounts are fully recoverable in comparison to their estimated fair values less costs to sell.

We had assets held for sale of \$2.6 million and nil consisting of property and equipment in connection with the implementation Plan at their fair value less costs to sell at December 31, 2024 and 2023, respectively. We used fair value hierarchy Level III inputs including comparable assets, adjusted for condition, and recorded charges of the Plan or otherwise.

#### Acquisitions

In September 2022, we acquired certain assets (the "Acquired Asset") of General Electric Company's GE Additive business (the "Acquisition") including new hydrogen and fuel agnostic capable generator technology. The Acquisition did not meet the definition of a business combination and was accounted for as an asset acquisition. No goodwill was recognized and payments allocated to in-process research and development ("IPR&D") were recorded in research and development expense as there was no alternative future use. Total consideration for the Acquisition was \$32.3 million comprised of \$15.0 million in cash, 5,500,000 shares of common stock valued at \$16.1 million on the closing date and \$1.2 million in direct transaction costs. \$3.6 million was recorded as property and equipment with expected useful lives of primarily five years and \$28.8 million was recorded as research and development expense. All assets were valued using level 3 inputs, with property and equipment valued using a market approach and IPR&D valued using an income approach based on Company management's projections. The cash component of the consideration was recorded in the statement of operations for the years ended December 31, 2024 and 2023, respectively. The estimates of fair value less costs to sell are subject to a number of assumptions and actual amounts may differ materially from estimates.

We recorded net benefits for recoveries related to asset sales of \$2.8 million and nil included in exit and termination costs in the consolidated statements of operations for the years ended December 31, 2024 and 2023, respectively and included in gain on disposal of assets in the consolidated statements of cash flows for the years ended December 31, 2024 and allocated between purchase of property and equipment and purchase of IPR&D under investing activities. 2023, respectively.

#### Note 3. Summary of Significant Accounting Policies

##### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the balance sheet date, as well as reported amounts of expenses during the reporting period. The Company's most significant estimates and judgments involve inventory, acquisitions, disposals, revenue, assets held for sale, income taxes and valuation of share-based compensation, and probability-weighted future cash flows associated with long-lived asset impairment reviews. Management bases its estimates on historical experience and on various other assumptions believed to be reasonable, the results

of which form the basis for making

judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates, and such differences could be material to the Company's consolidated financial statements.

#### Segment Information

ASC 280, *Segment Reporting*, defines operating segments as components of an enterprise where discrete financial information is available that is evaluated regularly by the chief operating decision-maker ("CODM") in deciding how to allocate resources and in assessing performance. The Company operates as a single operating segment from which all revenue and net income (loss) is derived and for which all assets are attributed. The Company's CODM is the chief executive officer, who has ultimate responsibility for the operating performance of the Company and the allocation of resources. The CODM uses cash flows as the primary measure net income (loss) to manage the business and does not segment the business for internal reporting or decision making.

The significant expense categories and amounts that are regularly provided to the CODM and included in the reported measure of segment loss for the years ended December 31, 2024 and 2023 are summarized as follows (in millions):

	Year Ended December 31,	
	2024	2023
Total revenues	\$ 1.5	\$ 0.7
Total cost of revenues	1.4	1.7
<b>Gross profit (loss)</b>	<b>0.1</b>	<b>(1.0)</b>
Administrative and office	7.7	12.4
Depreciation and amortization	3.1	2.4
Facilities	5.1	5.0
Personnel	24.3	46.7
Product development, exclusive of other costs presented	15.0	34.0
Professional services	5.2	21.7
Exit and termination costs	3.0	11.5
Other operating expense	1.0	2.6
<b>Total operating expenses</b>	<b>64.4</b>	<b>136.3</b>
Other income, net	12.3	13.8
<b>Net loss</b>	<b>\$ (52.0)</b>	<b>\$ (123.5)</b>

#### **Concentration of Supplier Risk**

The Company is dependent on certain suppliers, the majority of which are single source suppliers, and the inability of these suppliers to deliver necessary components of the Company's products in a timely manner at prices, quality levels and volumes that are acceptable, or the Company's inability to efficiently manage these components from these suppliers, could have a material adverse effect on the Company's business, prospects, financial condition and operating results.

#### **Cash and Cash Equivalents**

The Company considers all highly liquid investments with a maturity date of 90 days or less at the time of purchase to be cash and cash equivalents only if in checking, savings or money market accounts. Cash and cash equivalents include cash held in banks and money market accounts and are carried at cost, which approximates fair value. The Company maintains cash in excess of federally insured limits at financial institutions which it believes are of high credit quality and has not incurred any losses related to these balances to date. The Company believes its credit risk, with respect to these financial institutions to be minimal.

#### **Restricted Cash**

The Company provided a supplier with a letter of credit for \$7.9 million in the fourth quarter of 2023 to secure the performance of the Company's obligations to purchase semi-trucks related to the Founders Program, backed by a restricted cash deposit to pay any draws on the letter of credit by the supplier. The Company was released from this letter of credit in the first quarter of 2024.

The Company has provided its corporate headquarters lessor with a letter of credit for \$0.7 million to secure the performance of the Company's lease obligations, backed by a restricted cash deposit to pay any draws on the letter of credit by the lessor.

Total cash and cash equivalents and restricted cash as presented in the consolidated statements of cash flows is summarized as follows:

	December 31, 2023
	December 31, 2023
	December 31, 2023
	December 31, 2024
	December 31, 2024
	December 31, 2024
Cash and cash equivalents	\$ 1.5
Cash and cash equivalents	\$ 0.7
Cash and cash equivalents	\$ 0.1
Restricted cash included in prepaid expenses and other current assets	\$ 0.0

Restricted cash included in prepaid expenses and other current assets	
Restricted cash included in prepaid expenses and other current assets	
Restricted cash included in other assets	
Restricted cash included in other assets	
Restricted cash included in other assets	
	\$
	\$
	\$
	\$

#### Accounts Receivable

Accounts receivable are stated at a gross invoice amount, net of an allowance for doubtful accounts. The allowance for doubtful accounts is maintained at a level considered adequate to provide for potential account losses on the balance based on the Company's evaluation of the anticipated impact of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. At December 31, 2023 December 31, 2024 and 2022 2023, accounts receivable included amounts receivable from customers of \$0.0 \$1.5 million and \$1.1 million, nil, respectively. At December 31, 2023 December 31, 2024 and 2022, 2023 there was no allowance for doubtful accounts on customer receivables were \$0.0 million and \$0.1 million, respectively.

The portion of our net accounts receivable from significant customers is summarized as follows:

	December 31,	
	2023	2022
Customer A	— %	82 %
Customer C	—	12
	— %	94 %

receivables.

#### Investments

The Company's investments consist of corporate bonds, U.S. treasury and agency securities, state and local municipal bonds and commercial paper, all of which are classified as held-to-maturity, with a maturity date of 36-months or less at the time of purchase. The Company determines the appropriate classification of investments at the time of purchase and re-evaluates such designation as of each balance sheet date. Investments are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost, adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization, along with interest, is included in interest income. The Company uses the specific identification method to determine the cost basis of securities sold.

Investments are impaired when a decline in fair value is judged to be other-than-temporary. The Company evaluates investments for impairment by considering the length of time and extent to which market value has been less than cost or amortized cost, the financial condition and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer and the Company's intent to sell the security or the likelihood that it will be required to sell the security before recovery of the entire amortized cost. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded to other income (expense) and a new cost basis in the investment is established.

#### Fair Value Measurements

ASC 820, *Fair Value Measurements*, clarifies that fair value is 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. As such, fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

*Level I:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company can access at the measurement date;

*Level II:* Significant other observable inputs other than level I prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data; and

*Level III:* Significant unobservable inputs that reflect the Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company believes its valuation methods are appropriate and consistent with other market participants, however the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Company's financial instruments consist of cash and cash equivalents and restricted cash, accounts receivable, investments, accounts payable and accrued expenses. The carrying value of cash and cash equivalents and restricted cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short-term

nature of those instruments. The fair value of investments is based on quoted prices for identical or similar instruments in markets that are not active. As a result, investments are classified within Level II of the fair value hierarchy.

#### **Inventories**

Inventory is comprised of raw materials, work in process and finished goods and includes the cost of raw materials, freight, direct and indirect labor and allocations of other conversion costs and overhead. Semi-truck inventory is valued using the specific identification cost method and all other inventory is valued using the moving-average cost method. Inventory is stated at the lower of cost or net realizable value. We review our inventory to determine whether its carrying value exceeds the net amount realizable we expect to receive upon the ultimate sale of the inventory. This requires us to determine the estimated

Selling price of inventory less the estimated cost to convert the inventory on-hand into a finished product and other costs, which we determined includes the cost of installation and validation, to align with the transfer of control to customers in our revenue policy. Inventory write-downs are first allocated to all other inventory with any residual allocated to semi-truck inventory.

Once inventory is written-down based on a lower of cost or net realizable value analysis, that amount establishes the new carrying value of inventory if written-down at year end, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis. Interim impairments are reversed and reassessed at each reporting period.

During the fourth quarter of 2021, we changed from a research and development phase to a production phase for our Hybrid system product. Through **December 31, 2023** **December 31, 2024**, we have not yet commercialized the KARNO generator. Costs incurred for components acquired prior to our determination of reaching a commercial stage are expensed as **research and development** **R&D** costs, resulting in zero cost basis for those components. As a result, moving-average prices for inventory that is capitalized in future periods may be significantly affected by those zero cost items. **Inventory is consumed in the performance of contracts for R&D services in the quarter in which it is purchased, including certain allocations of overhead costs, and we therefore do not record inventory at each reporting period pertaining to these contracts.**

#### **Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets include prepaid insurance, rent and supplies, which are expected to be recognized, received or realized within the next 12 months.

#### **Property and Equipment, Net**

Property and equipment, net is stated at cost less accumulated depreciation, or if acquired in a business combination, at allocated fair value at the date of acquisition. Depreciation is calculated using the straight-line method, based upon the following estimated useful lives:

Production machinery and equipment	2 to <b>7</b> 12 years
Vehicles	3 to 7 years
Leasehold improvements	shorter of lease term or <b>7</b> years
<b>Demo fleet systems</b>	<b>2 to 3</b> years
Furniture and fixtures	3 years
Computers and related equipment	3 to 7 years

Major renewals and improvements are capitalized, while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed as incurred. When property and equipment is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss on the disposition is recorded in the consolidated statement of operations as a component of other income (expense). All long-lived assets are located in the **United States, U.S.**

#### **Impairment of Long-Lived Assets**

The Company reviews long-lived assets, including property and equipment and intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that an asset group's carrying amount may not be recoverable. The Company conducts its long-lived asset impairment analysis in accordance with ASC 360-10, *Impairment or Disposal of Long-Lived Assets*, which requires the Company to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset group is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value.

**As a result of factors including the events surrounding the Plan discussed in Note 2, the Company performed a test of recoverability of its long-lived assets and determined that all long-lived assets were recoverable as of September 30, 2023. As of September 30, 2023, long-lived assets associated with the powertrain business had a recorded amount of \$4.2 million and associated probability-weighted estimated future cash flows of \$4.4 million. If the Company is unable to sell long-lived assets associated with the powertrain business at a sufficient price, it will record associated impairment charges in future periods. Estimated future cash flows for all other long-lived assets substantially exceeded recorded amounts.**

#### **Revenue**

The Company follows five steps to recognize revenue from contracts with customers under ASC 606, Revenue from Contracts with Customers, which are:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;

- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognize revenue when (or as) a performance obligation is satisfied.

#### Revenue was Product Sales

The Company has historically comprised of generated revenues from sales of Hybrid hybrid systems for Class 8 semi-trucks and limited quantities of Class 8 semi-trucks outfitted with Hybrid systems and specific other features and services that met the definition of a performance obligation, including internet connectivity and data processing. We provided installation services for the Hybrid system onto the customers' vehicle. The Company's products were marketed and sold to end-user fleet customers in North America. When our contracts with customers contained multiple performance obligations and where material, the contract transaction price was allocated on a relative standalone selling price basis to each performance obligation.

hybrid system. We recognized revenue on Hybrid system sales and Class 8 semi-trucks outfitted with Hybrid systems upon delivery to, and acceptance of the vehicle by, the customer, which is when control transfers transferred. Contracts were reviewed for significant financing components and payments were typically received within 30 days of delivery. The sale of a Hybrid system to an end-use fleet customer consisted of a completed modification to the customer vehicle and the installation services involved significant integration of the Hybrid system with the customer's vehicle. Installation services were not distinct within the context of the contract and together with the sale of the Hybrid system represented a single performance obligation. We did not offer any sales returns. Amounts billed to customers related to shipping and handling were classified as revenue, and we have elected to recognize the cost for freight and shipping when control has transferred to the customer as a cost of revenue. Our policy is was to exclude taxes collected from customers from the transaction price of contracts. The Company has discontinued the electrified powertrain systems business and shifted to focus on the development and commercialization of the fuel-agnostic KARNO generator technology.

#### When U.S. Government Contracts

The Company was performing under two contracts as both a Class 8 semi-truck outfitted with prime and subcontractor to the United States government to provide R&D services. The larger of these two contracts was modified and accounted for as a Hybrid system was resold to a customer, judgment was required to determine if we were the principal or agent new contract in the arrangement. We considered factors such quarter ending December 31, 2024. These contracts were not accounted for as but revenue prior to September 30, 2024 as they were not limited in the ordinary course of business and the counterparties were not customers under GAAP. In September 2024, the Company was awarded a best effort cost-plus-fixed fee contract up to which entity had \$16.0 million by the primary responsibility United States Department of the Navy's Office of Naval Research ("ONR") to research the suitability of its KARNO generator for fulfilling Navy ships and stationary power applications. Under the promise agreement, the Company will provide R&D services through September 2026, including delivery of up to provide seven KARNO generators. The ONR contract represented a significant change in business strategy toward providing R&D activities in the specified good or service, which entity had inventory risk before ordinary course of business in addition to developing power generators for stationary and mobile applications. The Company now accounts for all three contracts under ASC 606 beginning in the specified good or service has been transferred to a customer and which entity had discretion in establishing the price for the specified good or service. We have determined quarter ending December 31, 2024. The remaining amounts of revenue that we were may recognize under these contracts was up to \$15.7 million as of December 31, 2024, which is expected to be recognized in 2025 and 2026.

There is a single research and development services performance obligation in each of these contracts that is measured over time as the principal in transactions involving the resale of Class 8 semi-trucks outfitted services are performed. The Company generally invoices monthly which corresponds directly with the Hybrid system value to the customers of the performance completed to date, and recognizes revenue in the amount that it has a right to invoice. Payment is ordinarily due within 90 days of invoice submission. Cost of R&D services revenue includes labor, allocated fringe and overhead, and inventory.

All revenue in the year ended December 31, 2024 was recognized over time and all revenue in the year ended December 31, 2023 was recognized at a point in time. The disaggregation portion of our revenue sources revenues from significant customers is summarized as follows and is attributable to the U.S.:

	Year Ended December 31,	
	2023	2022
Hybrid systems and other	\$ 416	\$ 1,082
Class 8 semi-truck prepared for Hybrid system upfit	256	1,024
<b>Total product sales and other</b>	<b>\$ 672</b>	<b>\$ 2,106</b>

The portion of our revenues from significant customers is summarized as follows:

	Year Ended December 31,	Year Ended December 31,	Year Ended December 31,
	2023	2024	2023
Customer A			90
Customer A			90
Customer A			90
Customer B			90
Customer B			90
Customer B			90
Customer G			90
Customer G			90
Customer G			90

	90
Customer C	
Customer C	
Customer C	
Customer D	
Customer D	
Customer D	
	100
	100
	100

#### **Leases**

We determine if an arrangement is a lease at inception of the contract. Operating leases are included in operating lease right-of-use ("ROU") assets, current portion of operating lease liabilities, and operating lease liabilities, net of current portion in the accompanying consolidated balance sheets. We have lease agreements with lease and non-lease components, and have elected to utilize the practical expedient to account for lease and non-lease components together as a single combined lease component. Variable lease costs consist primarily of common area maintenance.

ROU assets represent the Company's right to use underlying assets for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the leases. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The discount rate used to calculate the present value for lease payments is the Company's incremental borrowing rate, which is determined based on information available at lease commencement and is equal to the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term in an amount equal to the lease payments in a similar economic environment. The Company uses the implicit rate when readily determinable.

The Company's real estate leases may include one or more options to renew, with the renewal extending the lease term for an additional one to five years. The exercise of lease renewal option is at the Company's sole discretion. In general, the Company does not consider renewal options to be reasonably likely to be exercised, therefore renewal options are generally not recognized as part of the ROU assets and lease liabilities. Lease costs for lease payments are recognized on a straight-line basis over the lease term, unless there is a transfer of title or purchase option reasonably certain to be exercised. The Company does not record operating leases with an initial term of twelve months or less ("short-term leases") in the consolidated balance sheets. Interest expense is recognized using the effective interest rate method, and the ROU asset is amortized over the useful life of the underlying asset.

#### **Warranties**

We have historically provided limited assurance-type warranties under our contracts and do not offer extended warranties or maintenance contracts. The warranty period typically extends for the lesser of two years or 200,000 miles following transfer of control and solely relates to correction of product defects during the warranty period. We recognize the cost of the warranty upon transfer of control based on estimated and historical claims rates and fulfillment costs, which are variable. Should product failure rates and fulfillment costs differ from these estimates, material revisions to the estimated warranty liability would be required. Warranty expense is recorded as a component of cost of revenue.

#### **Marketing, Promotional and Advertising Costs**

Marketing, promotional and advertising costs are expensed as incurred and are included as an element of selling, general and administrative expense in the consolidated statement of operations. Marketing, promotional and advertising costs were ~~\$1.3~~ \$0.1 million and ~~\$1.1~~ \$1.3 million for the years ended December 31, 2023 December 31, 2024 and 2022, 2023, respectively.

#### **Research and Development Expense**

Research and development R&D costs did not meet the requirements to be recognized as an asset as the associated future benefits were at best uncertain and there was no alternative future use at the time the costs were incurred. Research and development R&D costs include, but are not limited to, outsourced engineering services, allocated facilities costs, depreciation on equipment utilized in research and development R&D activities, internal engineering and development expenses, materials, internally-developed software and employee related expenses (including salaries, benefits, travel, and share-based compensation) related to development of the Company's products and services.

#### **Share-Based Compensation**

The Company accounts for share-based compensation in accordance with ASC 718, *Compensation – Stock Compensation*, under which share-based payments that involve the issuance of common stock to employees and nonemployees and meet the criteria for equity-classified awards are recognized in the financial statements as share-based compensation expense based on the fair value on the date of grant. The Company issues restricted stock awards to employees and nonemployees, utilizing new shares. The Company has elected to recognize the adjustment to share-based compensation expense in the period in which forfeitures occur. We recognize compensation expense for awards with only service conditions on a straight-line basis over the requisite service period for the entire award.

If factors change, and we utilize different assumptions including the probability of achieving performance conditions, share-based compensation cost on future award grants may differ significantly from share-based compensation cost recognized on past award grants. If there are any modifications or cancellations of the underlying unvested securities, we

may be required to accelerate any remaining unearned share-based compensation cost or incur incremental cost. Share-based compensation cost primarily affects our research and development R&D and selling, general and administrative expenses.

#### Income Taxes

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*, under which deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities and net operating loss and tax credit carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Due to the Company's history of losses since inception, the net deferred tax assets have been fully offset by a valuation allowance at December 31, 2023 December 31, 2024 and 2022, 2023. Uncertain tax positions taken or expected to be taken in a tax return are accounted for using the more likely than not threshold for financial statement recognition and measurement. For the years ended December 31, 2023 December 31, 2024 and 2022, 2023, there were no uncertain tax positions taken or expected to be taken in the Company's tax returns.

#### Net Loss Per Share

Basic loss per share ("EPS") is computed by dividing net loss (the numerator) by the weighted average number of common shares outstanding for the period (the denominator). Diluted EPS attributable to common shareholders is computed by adjusting net loss by the weighted average number of common shares and potential common shares outstanding (if dilutive) during each

period. Potential common shares include shares issuable upon exercise of stock options and vesting of restricted stock awards (see

(see Note 8) 7). The number of potential common shares outstanding are calculated using the treasury stock or if-converted method.

#### Recent Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures* (Subtopic 220-40), and clarified by ASU 2025-01, to enable investors to better understand the major components of an entity's income statement. The pronouncement is effective for fiscal years beginning after December 15, 2026 and interim periods beginning after December 15, 2027 and we expect a material impact to our disclosures as a result of adoption.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes* (Topic 740), to enhance transparency and decision usefulness of income tax disclosures. The pronouncement is effective for fiscal years beginning after December 15, 2024 and we expect a material impact to our disclosures as a result of adoption.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting* (Topic 280): *Improvements to Reportable Segment Disclosures*, to improve the disclosures about a public entity's reportable segments. The pronouncement is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024 and we expect a material impact to our disclosures as a result of adoption.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance* (Topic 832): *Disclosures by Business Entities about Government Assistance*, to increase transparency of government assistance which requires annual disclosures about transactions with a government entity that are accounted for by applying a grant or contribution accounting model by analogy. The pronouncement is effective for fiscal years beginning after December 15, 2021. The Company adopted ASU 2021-10 2023-07 for the year ended December 31, 2022 with no material impact December 31, 2024 and updated its related disclosures.

#### Note 4. Investments

The amortized cost, unrealized gains and losses, and fair value, and maturities of our held-to-maturity investments at December 31, 2023 December 31, 2024 and 2022, 2023 are summarized as follows:

	Fair Value Measurements at December 31, 2024			
	Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses	
Commercial paper	\$ 979	\$ 3	\$ —	\$ 982
U.S. government agency bonds	17,490	6	(54)	17,442
State and municipal bonds	10,924	10	—	10,934
Corporate bonds and notes	181,109	369	(152)	181,326
	<u>\$ 210,502</u>	<u>\$ 388</u>	<u>\$ (206)</u>	<u>\$ 210,684</u>

	Fair Value Measurements at December 31, 2023			
	Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses	
Commercial paper	\$ 35,218	\$ 18	\$ (10)	\$ 35,226
U.S. government agency bonds	27,602	56	(186)	27,472
State and municipal bonds	15,262	1	(48)	15,215

Corporate bonds and notes	200,401	515	(255)	200,661			
	\$ 278,483	\$ 590	\$ (499)	\$ 278,574			
<b>Fair Value Measurements at December 31, 2022</b>							
	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>			
Commercial paper	\$ 36,675	\$ 2	\$ (161)	\$ 36,516			
U.S. government agency bonds	12,441	6	(328)	12,119			
State and municipal bonds	40,104	28	(628)	39,504			
Corporate bonds and notes	213,088	76	(3,344)	209,820			
	\$ 302,308	\$ 112	\$ (4,461)	\$ 297,959			
<b>December 31, 2023</b>		<b>December 31, 2022</b>					
<b>December 31, 2024</b>		<b>December 31, 2023</b>					
	<b>Amortized Cost</b>	<b>Amortized Cost</b>	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Fair Value</b>
Due in one year or less							
Due after one year through five years							
	\$						

#### Note 5. Fair Value Measurements

The fair value measurements of our financial assets at December 31, 2023 December 31, 2024 and 2022 2023 are summarized as follows:

	<b>Fair Value Measurements at December 31, 2024</b>				
	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>	
Cash and cash equivalents	\$ 9,227	\$ —	\$ —	\$ —	\$ 9,227
Restricted cash	665	—	—	—	665
Held-to-maturity investments:					
Commercial paper	—	982	—	—	982
U.S. government agency bonds	—	17,442	—	—	17,442
State and municipal bonds	—	10,934	—	—	10,934
Corporate bonds and notes	—	181,326	—	—	181,326
	\$ 9,892	\$ 210,684	\$ —	\$ —	\$ 220,576
	<b>Fair Value Measurements at December 31, 2023</b>				
	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>	
Cash and cash equivalents	\$ 12,881	\$ —	\$ —	\$ —	\$ 12,881
Restricted cash	8,583	—	—	—	8,583
Held-to-maturity investments:					
Commercial paper	—	35,226	—	—	35,226
U.S. government agency bonds	—	27,472	—	—	27,472
State and municipal bonds	—	15,215	—	—	15,215
Corporate bonds and notes	—	200,661	—	—	200,661
	\$ 21,464	\$ 278,574	\$ —	\$ —	\$ 300,038
	<b>Fair Value Measurements at December 31, 2022</b>				
	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>	
Cash and cash equivalents	\$ 119,468	\$ —	\$ —	\$ —	\$ 119,468
Restricted cash	665	—	—	—	665
Held-to-maturity investments:					
Commercial paper	—	36,516	—	—	36,516
U.S. government agency bonds	—	12,119	—	—	12,119

State and municipal bonds	—	39,504	—	39,504
Corporate bonds and notes	—	209,820	—	209,820
	<u>\$ 120,133</u>	<u>\$ 297,959</u>	<u>\$ —</u>	<u>\$ 418,092</u>

#### Note 6. Inventory

The carrying value of our inventory at December 31, 2023 and 2022 is summarized as follows:

	December 31,	
	2023	2022
Raw materials	\$ —	\$ —
Work in process	—	—
Finished goods	—	74
	<u>\$ —</u>	<u>\$ 74</u>

We write-down inventory for any excess or obsolete inventories or when we believe that the net realizable value of inventories is less than the carrying value. During the years ended December 31, 2023 and 2022, we recorded write-downs of \$1.1 million and \$5.6 million, respectively, included primarily in cost of revenues.

#### Note 7.6. Capital Structure

##### Preferred Stock

The Company is authorized to issue 10,000,000 shares of preferred stock with a par value of \$0.0001 per share. The Company's Board is authorized to fix the voting rights, if any, designations, powers, preferences, the relative, participating, option or other special rights and any qualifications, limitations and restrictions thereof, applicable to the shares of each series. At December 31, 2023 December 31, 2024 and 2022, 2023, there were no shares of preferred stock issued and outstanding.

##### Common Stock

At December 31, 2023 December 31, 2024, the following shares of common stock were reserved for future issuance:

Stock Unexercised stock options issued and outstanding under 2016 Equity Incentive Plan	522,971	188,229
Shares granted and unvested under 2020 Equity Incentive Plan	6,090,445	
Authorized for future grant under 2020 2024 Equity Incentive Plan	6,988,626	11,015,317
Authorized for future issuance under the Hyliion Holdings Corp. Employee Stock Purchase Plan	1,800,000	
	<u>9,311,597</u>	<u>19,093,991</u>

##### Treasury Stock

In December 2023, we announced a share repurchase program which has no expiration date, authorizing the repurchase of up to \$20.0 million in shares.

#### Note 8.7. Share-Based Compensation

##### 2024 Equity Incentive Plan

On May 21, 2024, the Company's shareholders approved a new long-term incentive award plan (the "2024 Plan"). The 2024 Plan is administered by the Board and the compensation committee. The selection of participants, allotment of shares, determination of price and other conditions are approved by the Board and the compensation committee at its sole discretion in order to attract and retain personnel instrumental to the success of the Company. Under the 2024 Plan, the Company may grant awards covering up to 8,000,000 shares of common stock, plus the amount of authorized but unissued shares under the 2020

Plan, the number of shares relating to awards under the 2020 Plan that are cancelled, lapsed, or are forfeited, and the number of shares withheld to satisfy a holder's tax obligations. Grants under the 2024 Plan may be in the form of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards, and other awards to our employees, directors, and consultants. No stock options have been granted under the 2024 Plan.

Employee and director restricted stock units ("RSUs") for which a grant date has been established generally vest over one to three years from the date of grant. These awards generally become available to the recipient upon the satisfaction of a vesting condition based on a period of service.

Activity in the 2024 Plan for the years ended December 31, 2024 and 2023 is summarized as follows:

	Number of Units	Weighted Average Grant Date Fair Value (in Dollars)	
		—	\$ —
Unvested at December 31, 2023			

Granted	232,176	1.81
<b>Unvested at December 31, 2024</b>	<b>232,176</b>	<b>\$ 1.81</b>

Share-based compensation expense under the 2024 Plan for the years ended December 31, 2024 and 2023 was nil. The fair value of RSUs that vested during the years ended December 31, 2024 and 2023 was nil. There was \$0.4 million of unrecognized compensation expense related to the 2024 Plan at December 31, 2024, which is expected to be recognized over the remaining vesting periods, subject to forfeitures, with a weighted-average period of 2.7 years.

#### **2020 Equity Incentive Plan**

On October 1, 2020, the Company's shareholders approved a new long-term incentive award plan (the "2020 Plan") in connection with the business combination agreement and plan of reorganization, pursuant to which SHLL Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of Tortoise Acquisition Corp., a Delaware corporation, merged with and into the Company on June 18, 2020. The 2020 Plan is administered by the Board and the compensation committee. The selection of participants, allotment of shares, determination of price and other conditions are approved by the Board and the compensation committee at its sole discretion in order to attract and retain personnel instrumental to the success of the Company. Under the 2020 Plan, the Company may grant an aggregate of 12,200,000 shares of common stock in the form of nonstatutory stock options, incentive stock options, SARs, restricted stock awards, performance awards and other awards. No stock options have been granted under the 2020 Plan. No further grants can be made under the 2020 Plan.

We granted 2.7 million market-conditioned restricted stock units in 2024 that vested between February 13, 2025 and December 31, 2026 contingent upon achieving underlying closing stock price thresholds. Through December 31, 2024, there was achievement of underlying closing stock price thresholds on 100% of these awards which will vest between August 2025 and December 2026. These awards were valued at \$0.83 per unit using fair value hierarchy Level III inputs including an underlying share volatility of 90% and a risk-free rate of 4.35%.

Employee and director RSUs generally vest over one to three years from the date of grant. These awards become available to the recipient upon the satisfaction of a vesting condition based on a period of service, and performance and market conditions (for certain awards to employees).

Activity in the 2020 Plan for the years ended December 31, 2024 and 2023 is summarized as follows:

		<b>Weighted Average Grant Date Fair Value (in Dollars)</b>
	<b>Number of Units</b>	
<b>Unvested at December 31, 2022<sup>1</sup></b>		
Granted <sup>2</sup>	2,769,100	\$ 5.51
Vested	2,192,900	2.57
Forfeited <sup>3</sup>	(1,350,172)	5.28
	(860,505)	4.53
<b>Unvested at December 31, 2023<sup>4</sup></b>	2,751,323	3.59
Granted	5,878,591	1.05
Vested	(1,267,658)	3.87
Forfeited	(1,271,811)	2.61
<b>Unvested at December 31, 2024</b>	<b>6,090,445</b>	<b>\$ 1.28</b>

<sup>1</sup> Excludes 1,336,667 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

<sup>2</sup> Excludes 25,000 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

<sup>3</sup> Excludes 59,584 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

<sup>4</sup> Excludes 633,750 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established. These excluded shares were not granted during the year ended December 31, 2024.

Share-based compensation expense under the 2020 Plan for the years ended December 31, 2024 and 2023 was \$4.6 million and \$6.2 million, respectively. The fair value of RSUs that vested during the years ended December 31, 2024 and 2023 was \$2.3 million and \$2.8 million, respectively. There was \$4.6 million of unrecognized compensation expense related to the 2020 Plan at December 31, 2024, which is expected to be recognized over the remaining vesting periods, subject to forfeitures, with a weighted-average period of 1.8 years.

#### **2016 Equity Incentive Plan**

The Hyliion Inc. 2016 Equity Incentive Plan (the "2016 Plan"), as amended in August 2017 and approved by the Board, permitted the granting of various awards including stock options (including both nonqualified options and incentive options), stock appreciation rights ("SARs"), stock awards, phantom stock units, performance awards and other share-based awards to employees, outside directors and consultants and advisors of the Company. Only stock options have been awarded to employees, consultants and advisors under the 2016 Plan. No further grants can be made under the 2016 Plan.

Employee and nonemployee stock options generally vest over four years, with a maximum term of ten years from the date of grant. These awards become available to the recipient upon the satisfaction of a vesting condition based on a period of service.

Activity in the 2016 Plan for the years ended **December 31, 2023** **December 31, 2024** and **2022** **2023** is summarized as follows:

	Number of Options	Number of Options	Weighted Average Exercise Price (in Dollars)	Weighted Average Remaining Contractual Term	Number of Options	Weighted Average Exercise Price (in Dollars)	Weighted Average Remaining Contractual Term
<b>Outstanding at December 31, 2021</b>							
<b>Outstanding at December 31, 2022</b>							
<b>Outstanding at December 31, 2021</b>							
<b>Outstanding at December 31, 2022</b>							
<b>Outstanding at December 31, 2021</b>	3,157,889		\$0.16	6.6 years			
Exercised							
Exercised							
Exercised							
Forfeited							
Forfeited							
Forfeited							
<b>Outstanding at December 31, 2022</b>							
<b>Outstanding at December 31, 2022</b>	2,541,439	0.15	0.15	3.7 years	3.7 years	2,541,439	\$0.15 years
Exercised							
Exercised							
Exercised							
Forfeited							
Forfeited							
Forfeited							
<b>Outstanding at December 31, 2023</b>							
<b>Outstanding at December 31, 2023</b>							
<b>Outstanding at December 31, 2023</b>	522,971	\$	\$0.20	4.3 years	4.3 years	522,971	0.20 years
<b>Exercisable at December 31, 2023</b>							
<b>Exercisable at December 31, 2023</b>							
<b>Exercisable at December 31, 2023</b>	473,239		\$0.20	4.1 years			
Exercised							
Exercised							
Exercised							
Forfeited							
Forfeited							
Forfeited							
<b>Outstanding at December 31, 2024</b>							

<b>Outstanding at December 31, 2024</b>			
<b>Outstanding at December 31, 2024</b>	188,229	\$0.20	4.7 years
<b>Exercisable at December 31, 2024</b>			
<b>Exercisable at December 31, 2024</b>			
<b>Exercisable at December 31, 2024</b>	188,229	\$0.20	4.7 years

At December 31, 2023 December 31, 2024, the options outstanding and exercisable had an intrinsic value of \$0.3 million \$0.5 million and \$0.3 million, respectively. There were no options with an exercise price greater than the market price on December 31, 2023 December 31, 2024 to exclude from the intrinsic value computation. The intrinsic value of options exercised during the years ended December 31, 2023 December 31, 2024 and 2022 2023 was \$2.4 million \$0.4 million and \$2.4 million, respectively.

Share-based compensation expense under the 2016 Plan for the years ended December 31, 2023 December 31, 2024 and 2022 2023 was nil and \$0.1 million, respectively. There was no unrecognized compensation expense related to the 2016 Plan at December 31, 2023 December 31, 2024.

#### 2020 Equity Incentive Plan

On October 1, 2020, the Company's shareholders approved a new long-term incentive award plan (the "2020 Plan") in connection with the Business Combination. The 2020 Plan is administered by the Board and the compensation committee. The selection of participants, allotment of shares, determination of price and other conditions are approved by the Board and the compensation committee at its sole discretion in order to attract and retain personnel instrumental to the success of the Company. Under the 2020 Plan, the Company may grant an aggregate of 12,200,000 shares of common stock in the form of nonstatutory stock options, incentive stock options, SARs, restricted stock awards, performance awards and other awards. No stock options have been granted under the 2020 Plan.

Employee and director RSUs for which a grant date has been established generally vest over three to four years from the date of grant. These awards become available to the recipient upon the satisfaction of a vesting condition based on a period of service, and performance conditions (for certain awards to employees).

Activity in the 2020 Plan for the years ended December 31, 2023 and 2022 is summarized as follows:

		Weighted Average Grant Date Fair Value (in Dollars)
	Number of Units	Value (in Dollars)
<b>Unvested at December 31, 2021<sup>1</sup></b>		\$ 11.01
Granted <sup>2</sup>	1,556,794	\$ 11.01
Vested	2,504,939	4.10
Forfeited <sup>3</sup>	(470,426)	11.07
	<u>(822,207)</u>	<u>8.44</u>
<b>Unvested at December 31, 2022<sup>4</sup></b>		5.51
Granted <sup>5</sup>	2,769,100	5.51
Vested	2,192,900	2.57
Forfeited <sup>6</sup>	(1,350,172)	5.28
	<u>(860,505)</u>	<u>4.53</u>
<b>Unvested at December 31, 2023<sup>7</sup></b>		3.59
	<u>2,751,323</u>	<u>\$ 3.59</u>

<sup>1</sup> Excludes 1,910,914 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

<sup>2</sup> Excludes 204,167 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

<sup>3</sup> Excludes 130,000 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

<sup>4</sup> Excludes 1,336,667 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

<sup>5</sup> Excludes 25,000 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

<sup>6</sup> Excludes 59,584 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

<sup>7</sup> Excludes 633,750 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

Share-based compensation expense under the 2020 Plan for the years ended December 31, 2023 and 2022 was \$6.2 million and \$6.9 million, respectively. The fair value of RSUs that vested during the years ended December 31, 2023 and 2022 was \$2.8 million and \$1.7 million, respectively. There was \$4.9 million of unrecognized compensation expense related to the 2020 Plan at December 31, 2023, which is expected to be recognized over the remaining vesting periods, subject to forfeitures, with a weighted-average period of 1.5 years.

As a result of execution of the Plan and failure to meet fiscal 2023 performance conditions for certain awards to employees, we expect 0.8 million RSU awards to be forfeited in the first quarter of fiscal 2024.

#### Employee Stock Purchase Plan

The Company has an authorized employee stock purchase plan (the "ESPP") that would enable employees to contribute up to 15% of their base compensation toward the purchase of the Company's common stock at 85% of its market value on the first or last day of each offering period. The ESPP ~~has~~was not been implemented through ~~December 31, 2023~~December 31, 2024.

#### Note 9.8. Leases

The Company enters into operating leases for its corporate office, temporary offices, vehicles and equipment. In addition, the Company may enter into arrangements whereby portions of the leased premises are subleased to third parties and are classified as operating leases.

In May 2023, the Company executed a lease for its facility in Milford, Ohio, with a term through 2028 including the option to extend the term for up to two consecutive terms of three years, which was not reasonably certain to be exercised at the commencement date.

In December 2021, the Company amended the lease for its corporate office. This amendment increased the amount of space under the original lease, adjusted the monthly lease payments, and decreased the term of the lease ~~through to April 2027~~. The Company accounted lease amendment includes the option to extend the term for ~~this extension as up to~~ two consecutive terms of three years, which was not reasonably certain to be exercised at the modification date.

The Company's corporate office lease has a lease modification term through 2027 and recorded a decrease to the operating lease ROU asset and lease liability. The lease amendment includes the option to extend the term for up to two consecutive terms of five years, which was not reasonably certain to be exercised at the modification commencement date.

The following table provides a summary of the components of lease ~~income, operating costs and rent~~, which are primarily included within ~~research and development R&D~~ and selling, general and administrative expense:

	2023	2024	Year Ended December 31,	Year Ended December 31,	Year Ended December 31,
<b>Operating lease costs:</b>					
Operating lease costs:					
Operating lease costs:					
Operating lease cost					
Operating lease cost					
Operating lease cost					
Short-term lease cost					
Short-term lease cost					
Short-term lease cost					
Variable lease cost					
Variable lease cost					
Variable lease cost					
<b>Total operating lease costs</b>					
Total operating lease costs					
<b>Total operating lease costs</b>					

The following table provides the weighted-average lease terms and discount rates used for the Company's operating leases:

	December 31,		
	2023	2022	
	2024	2023	
<b>Weighted-average remaining lease term:</b>			
Operating leases			
Operating leases			
Operating leases	3.6 years	4.3 years	2.6 years
<b>Weighted-average discount rate:</b>			
<b>Weighted-average discount rate:</b>			3.6 years

**Weighted-average discount rate:**

Operating leases	8.7	%	7.1	%	8.6	%	8.7	%
Operating leases								
Operating leases								

The following table provides a summary of operating lease liability maturities for the next five years and thereafter at **December 31, 2023** December 31, 2024:

2024								
2025								
2024								
2025								
2024								
2025								
2025								
2025								
2026								
2026								
2026								
2027								
2027								
2027								
2028								
2028								
2028								
2029								
2029								
2029								
Thereafter								
Thereafter								
Thereafter								
Total minimum lease payments								
Total minimum lease payments								
Total minimum lease payments								
Less: imputed interest								
Less: imputed interest								
Less: imputed interest								
Total lease obligations								
Total lease obligations								
Total lease obligations								

**Note 10.9. Property and Equipment, Net**

Property and equipment, net at **December 31, 2023** December 31, 2024 and **2022** 2023 is summarized as follows:

	December 31,	
	2023	2022
Production machinery and equipment	\$ 10,376	\$ 5,897
Vehicles	2,013	817
Leasehold improvements	2,236	1,002
Office furniture and fixtures	223	162
Computers and related equipment	1,963	1,367
	16,811	9,245
Less: accumulated depreciation	(6,824)	(3,639)
<b>Total property and equipment, net</b>	<b>\$ 9,987</b>	<b>\$ 5,606</b>

	December 31,	
	2024	2023
Production machinery and equipment	\$ 27,846	\$ 10,376
Vehicles	379	2,013
Leasehold improvements	4,313	2,236
Office furniture and fixtures	270	223
Computers and related equipment	2,113	1,963
	<u>34,921</u>	<u>16,811</u>
Less: accumulated depreciation	(9,001)	(6,824)
Total property and equipment, net	<u>\$ 25,920</u>	<u>\$ 9,987</u>

Depreciation expense for the years ended December 31, 2023 December 31, 2024 and 2022 2023 totaled approximately \$3.2 million \$3.1 million and \$1.1 million \$3.2 million, respectively. For the year ended December 31, 2024, \$0.4 million and \$2.7 million was included in selling, general and administrative expenses and R&D expenses, respectively, in the consolidated statements of operations. For the year ended December 31, 2023, \$0.6 million, \$0.6 million, \$1.7 million, and \$0.9 million was included in selling, general and administrative expenses, research and development R&D expenses and exit and termination costs, respectively, in the consolidated statements of operations. For the year ended December 31, 2022, \$0.3 million and \$0.8 million was included in selling, general and administrative expenses, and research and development expenses, respectively, in the consolidated statements of operations.

#### Note 11. 10. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities at December 31, 2023 December 31, 2024 and 2022 2023 are summarized as follows:

	December 31,		
	2023		2022
	2024	2023	2023
Accrued professional services and other			
Accrued compensation and related benefits			
Other accrued liabilities			
Accrued severance, contract termination, and other charges			\$
			<u> </u>

#### Note 12. Warranties

The change in warranty liability for the years ended December 31, 2023 and 2022 is summarized as follows and included within accrued expenses and other current liabilities and other liabilities in the consolidated balance sheets:

	Year ended December 31,	
	2023	2022
<b>Balance at beginning of period</b>	\$ 527	\$ 44
Accrual for warranties issued	218	644
Net changes in accrual related to pre-existing warranties	(154)	(7)
Warranty charges	(182)	(154)
<b>Balance at end of period</b>	<u>\$ 409</u>	<u>\$ 527</u>

#### Note 13. 11. Income Taxes

The income tax provision for the years ended December 31, 2023 December 31, 2024 and 2022 2023 is summarized as follows:

	Year Ended December 31,	
	2023	2022
<b>Current tax expense:</b>		
Federal	\$ —	\$ —
State	—	—
Total current tax expense	<u>\$ —</u>	<u>\$ —</u>
<b>Deferred tax (benefit) expense:</b>		

Federal	\$ (25,328)	\$ (34,296)
State	—	(40)
Valuation allowance	25,328	34,336
<b>Total deferred tax expense</b>	<b>\$ —</b>	<b>\$ —</b>

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Current tax expense:</b>		
Federal	\$ —	\$ —
State	—	—
<b>Total current tax expense</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Deferred tax (benefit) expense:</b>		
Federal	\$ (10,493)	\$ (25,328)
State	—	—
Valuation allowance	10,493	25,328
<b>Total deferred tax expense</b>	<b>\$ —</b>	<b>\$ —</b>

The components of deferred taxes at December 31, 2023 December 31, 2024 and 2022 2023 are summarized as follows:

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>2024</b>	<b>2023</b>
<b>Deferred tax assets:</b>		
Federal net operating loss carryforwards		
Federal net operating loss carryforwards		
Federal net operating loss carryforwards		
State net operating loss carryforwards		
Operating lease obligation		
Section 174 expenditures		
R&D tax credit		
Other		
Intangible assets, net		
Total deferred tax assets		
Total deferred tax assets		
Total deferred tax assets		
Less: valuation allowance		
Deferred tax assets, net of valuation allowance		
<b>Deferred tax liabilities:</b>		
<b>Deferred tax liabilities:</b>		
<b>Deferred tax liabilities:</b>		
Operating lease right of use asset, net		
Operating lease right of use asset, net		
Operating lease right of use asset, net		
Property and equipment, net		
Property and equipment, net		
Property and equipment, net		
Total deferred tax liabilities		
Net deferred tax assets		
Net deferred tax assets		
Net deferred tax assets		

The reconciliation of taxes at the federal statutory rate to the Company's provision for income taxes for the years ended **December 31, 2023** **December 31, 2024** and **2022** **2023** is summarized as follows:

	Year Ended December 31,	Year Ended December 31,	Year Ended December 31,
	2023	2024	
Provision at statutory rate of 21%			
Provision at statutory rate of 21%			
Provision at statutory rate of 21%			
State tax expense			
State tax expense			
State tax expense			
Stock options			
Stock options			
Stock options			
Other			
Other			
Other			
R&D tax credit			
R&D tax credit			
R&D tax credit			
Change in valuation allowance			
Change in valuation allowance			
Change in valuation allowance			
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$

In assessing the realizability of deferred tax assets, management considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the

generation of future taxable income during the periods in which those temporary differences become deductible. Management considered the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will not realize the benefits of these deductible differences at **December 31, 2023** **December 31, 2024**.

The Company had federal net operating loss carryforwards of \$346.2 million and \$297.9 million at December 31, 2024 and \$229.5 million at December 31, 2023 and 2022, 2023, respectively. At **December 31, 2023** December 31, 2024, \$10.5 million of this amount will begin to expire in 2036 and the remaining \$287.4 million \$335.7 million has an indefinite carryforward period. The Company had state net operating loss carryforwards of \$12.5 million and \$12.5 million at **December 31, 2023** December 31, 2024 and 2022, 2023, respectively, that will begin to expire beginning in 2036. The Company had federal and research and development state R&D credits of \$4.7 million that will begin to expire in 2037. The Company's ability to utilize a portion of net operating loss carryforwards and credits to offset future taxable income, and tax, respectively, is subject to certain limitations under Section 382 of the Internal Revenue Code upon changes in equity ownership of the Company. Due to such limitation, \$2.0 million of the Company's net operating loss and less than \$0.1 million of the Company's R&D credits will expire unused, regardless of taxable income in future years.

The Company files a United States federal income tax return, as well as income tax returns in various states. The tax returns for years **2020** **2021** and thereafter remain open for examination. However, the taxing authorities have the ability to review the propriety of tax losses created in closed tax years to the extent such losses are utilized in an open tax year.

#### **Note 14, 12. Commitments and Contingencies**

##### **Economic Incentive Agreement**

During the year quarter ended December 31, 2018 March 31, 2024, in connection with our operations in Cedar Park, Texas, the Company entered into an agreement with the Cedar Park Economic Development Corporation ("EDC"), that superseded prior agreements, whereby the Company would receive cash grants up to \$1.1 million from the EDC at various measurement dates during the term of the agreement contingent upon the Company fulfilling and maintaining certain corporate office lease occupancy, investment, and employment requirements. The specified requirements must be met on or before specific measurement dates and maintained throughout the term of the agreement, which expires effective December 31, 2025 December 31, 2029.

As the terms The Company has received payments to date of the EDC grant agreement require the Company to meet and maintain all of the \$0.4 million which are refundable as applicable performance requirements throughout the term of the agreement were not met and the Company did not meet the conditions for the grant funding received through December 31, 2023, all amounts received from the EDC are subject to refund. Accordingly, total grant funding of \$1.1 million is included within accrued expenses and other current accrued liabilities as of December 31, 2023. Total grant funding of \$0.9 million was included within other noncurrent liabilities as of December 31, 2022 December 31, 2024. Under the agreement, the EDC has the right to file a security interest to all assets of the Company.

#### Legal Proceedings

The Company is periodically involved in legal proceedings, legal actions and claims arising in the normal course of business, including proceedings relating to product liability, intellectual property, safety and health, employment and other matters. The Company believes that the outcome of such legal proceedings, legal actions and claims will not have a significant adverse effect on the Company's financial position, results of operations or cash flows.

#### Note 15. 13. Net Loss Per Share

The computation of basic and diluted net loss per share for the years ended December 31, 2023 December 31, 2024 and 2022 2023 is summarized as follows (in thousands, except share and per share data):

	Year Ended December 31,	Year Ended December 31,	Year Ended December 31,
	2023	2024	
<b>Numerator:</b>			
Net loss attributable to common stockholders			
Net loss attributable to common stockholders			
Net loss attributable to common stockholders			
<b>Denominator:</b>			
Weighted average shares outstanding, basic and diluted			
Weighted average shares outstanding, basic and diluted			
Weighted average shares outstanding, basic and diluted			
Net loss per share, basic and diluted			
Net loss per share, basic and diluted			
Net loss per share, basic and diluted			

Potential common shares excluded from the computation of diluted net loss per share because including them would have had an anti-dilutive effect for the years ended December 31, 2023 December 31, 2024 and 2022 2023 are summarized as follows:

	Year Ended December 31,	
	2023	2022
Unexercised stock options	522,971	2,541,439
Unvested restricted stock units*	3,385,073	4,105,673
	<hr/>	<hr/>
	3,908,044	6,647,112

	Year Ended December 31,	
	2024	2023
Unexercised stock options	188,229	522,971
Unvested restricted stock units	6,322,621	3,385,073

	6,510,850	3,908,044
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\* Potential common shares from unvested restricted stock units for the years ended December 31, 2023 and 2022 include 633,750 and 1,336,667 shares, respectively, where no accounting grant date has been established.

**Note 16.14. Supplemental Cash Flow Information**

Supplemental cash flow information for the years ended December 31, 2023 December 31, 2024 and December 31, 2023 is summarized as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2024	Year Ended December 31, 2023
Cash paid for interest			
Cash paid for interest			
Cash paid for interest			
Cash paid for taxes			
Cash paid for taxes			
Cash paid for taxes			
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>			
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>			
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>			
Operating cash flows from operating leases			
Operating cash flows from operating leases			
Operating cash flows from operating leases			
Operating cash flows from operating leases, net			
Operating cash flows from operating leases, net			
Operating cash flows from operating leases, net			
Right-of-use assets obtained in exchange for lease obligations			
Right-of-use assets obtained in exchange for lease obligations			
Right-of-use assets obtained in exchange for lease obligations			
	Year Ended December 31, 2023	Year Ended December 31, 2022	
<b>Supplemental disclosure of noncash investing and financing activities:</b>			
Common stock issued for purchase of assets	\$ —	\$ 16,115	
Acquisitions of property and equipment and intangible assets included in accounts payable and other	\$ 292	\$ 59	
	Year Ended December 31, 2024	Year Ended December 31, 2023	
<b>Supplemental disclosure of noncash investing and financing activities:</b>			
Repurchase of treasury stock included in accrued expenses and other current liabilities	\$ 117	\$ —	
Acquisitions of property and equipment and intangible assets included in accounts payable and accrued expenses and other current liabilities	\$ 3,884	\$ 292	

**Note 17.15. Retirement Plan**

The Company has adopted a 401(k) plan to provide all eligible employees a means to accumulate retirement savings on a tax-advantaged or post-tax basis. The 401(k) plan eligibility conditions require participants are at least 21 years old to participate. Eligibility entry date is the first of the month following date of hire, or the first of the month following the date the employee turns 21 years old. Plan participants may make elective contributions up to the maximum percentage of compensation and dollar amount allowed under the Internal Revenue Code and are always 100% vested in their elective contributions. The Company has also established a Profit Sharing plan in which the employer may make

contributions on the employee's behalf ("discretionary employer contributions"). The Company did not make any Profit Sharing contributions during the years ended **December 31, 2023** December 31, 2024 and **2022**, 2023.

## 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*

Based on our management's evaluation (with the participation of our Principal Executive Officer and Principal Financial Officer) of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), our Principal Executive Officer and Principal Financial Officer have concluded that, as of **December 31, 2023** December 31, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

#### *Management's Report on Internal Control over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Based on our management's evaluation (with the participation of our Principal Executive Officer and Principal Financial Officer), of the effectiveness of our internal controls over financial reporting as of **December 31, 2023** December 31, 2024, which was based on the framework in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, our Principal Executive Officer and Principal Financial Officer have concluded that, as of **December 31, 2023** December 31, 2024, our internal control over financial reporting was effective as of **December 31, 2023** December 31, 2024.

#### *Changes in Internal Control over Financial Reporting*

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended **December 31, 2023** December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### *Limitations on Controls*

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

### ITEM 9B. OTHER INFORMATION

None.

### ITEM 9C. DISCLOSURES REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

## Part III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except for the information regarding our executive officers required by Item 401 of Regulation S-K (which is included in Part I, Item 1 of this Annual Report on Form 10-K under "Information about our Executive Officers"), the information required by Item 10 will be contained in, and is hereby incorporated by reference to, our definitive proxy statement for the **2024** 2025 Annual Meeting of Stockholders (the **2024** "2025 Proxy Statement"), which we will file pursuant to Regulation 14A with the Commission within 120 days after the close of the year ended **December 31, 2023** December 31, 2024. This includes information regarding our Code of Business Conduct and Ethics.

### ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 will be contained in, and is hereby incorporated by reference to, the **2024** 2025 Proxy Statement, which we will file pursuant to Regulation 14A with the Commission within 120 days after the close of the year ended **December 31, 2023** December 31, 2024.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 will be contained in, and is hereby incorporated by reference to, the **2024** 2025 Proxy Statement, which we will file pursuant to Regulation 14A with the Commission within 120 days after the close of the year ended **December 31, 2023** December 31, 2024.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 will be contained in, and is hereby incorporated by reference to, the **2024** 2025 Proxy Statement, which we will file pursuant to Regulation 14A with the Commission within 120 days after the close of the year ended **December 31, 2023** December 31, 2024.

### ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 will be contained in, and is hereby incorporated by reference to, the 2024 2025 Proxy Statement, which we will file pursuant to Regulation 14A with the Commission within 120 days after the close of the year ended December 31, 2023 December 31, 2024.

## Part IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) and (a)(2) *Financial Statements and Financial Statement Schedules:*

Reference is made to the Index to Financial Statements of the Company under Item 8 of Part II. All financial statement schedules are omitted because they are not applicable, or the amounts are immaterial, not required, or the required information is presented in the financial statements and notes thereto in Item 8 of Part II above.

(b) *Exhibits*

Exhibits: The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Annual Report on Form 10-K. Exhibits not incorporated by reference to a prior filing are designated by an asterisk (\*); all exhibits not so designated are incorporated by reference to a prior filing as indicated.

Exhibit Number	Description
2.1+	<a href="#">Business Combination Agreement and Plan of Reorganization, dated as of June 18, 2020, by and among Tortoise Acquisition Corp., SHLL Merger Sub Inc. and Hylion Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on June 19, 2020).</a>
2.2+	<a href="#">Asset Purchase Agreement, dated August 24, 2022, by and between Hylion Holdings Corp. and General Electric Company, acting solely by and through its GE Aviation business unit (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on August 25, 2022).</a>
3.1	<a href="#">Second Amended and Restated Certificate of Incorporation of the Company, dated October 1, 2020 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on October 7, 2020).</a>
3.2	<a href="#">Amended and Restated Bylaws of the Company, dated October 1, 2020 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on October 7, 2020).</a>
4.1	<a href="#">Form of Common Stock Certificate of the Company (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on October 7, 2020).</a>
4.2	<a href="#">Amended and Restated Registration Rights Agreement, dated October 1, 2020, by and among the Company and certain stockholders of the Company (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on October 7, 2020).</a>
4.3	<a href="#">Description of Securities (incorporated by reference to Exhibit 4.4 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2020 (File No. 001-38823) filed with the SEC on May 17, 2021).</a>
4.4	<a href="#">Lock-Up Agreement, dated October 1, 2020, by and between the Company and Thomas Healy (incorporated by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on October 7, 2020).</a>
10.1	<a href="#">Lease Agreement, dated February 5, 2018, by and between IGX Brushy Creek, LLC and Hylion Inc. (incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on October 7, 2020).</a>
10.2	<a href="#">Form of Subscription Agreement (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on June 19, 2020).</a>
10.3†	<a href="#">Form of Indemnification Agreement between the Company and its directors and officers (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on October 7, 2020).</a>
10.4†	<a href="#">Hylion Inc. 2016 Equity Incentive Plan (incorporated by reference to Exhibit 99.2 to the Company's Registration Statement on Form S-8 (File No. 333-251328) filed with the SEC on December 14, 2020).</a>
10.4(a)†	<a href="#">Hylion Inc. 2016 Equity Incentive Plan, Form of Incentive Stock Option Agreement (incorporated by reference to Appendix D to the foregoing 2016 Equity Incentive Plan).</a>
10.4(b)†	<a href="#">Hylion Inc. 2016 Equity Incentive Plan, Form of Non-statutory Stock Option Agreement (incorporated by reference to Appendix E to the foregoing 2016 Equity Incentive Plan).</a>
10.4(c)†	<a href="#">Hylion Inc. 2016 Equity Incentive Plan, Form of Stock Restriction Agreement (incorporated by reference to Appendix F to the foregoing 2016 Equity Incentive Plan).</a>

10.5†	<a href="#">Hylion Holdings Corp. 2020 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on October 7, 2020).</a>
10.5(a)†	<a href="#">Hylion 2020 Equity Incentive Plan, Form of Stock Option Agreement (incorporated by reference to Exhibit 99.3 to the Company's Registration Statement on Form S-8 (File No. 333-251328) filed with the SEC on December 14, 2020).</a>
10.5(b)†	<a href="#">Hylion 2020 Equity Incentive Plan, Form of RSU Award Agreement (incorporated by reference to Exhibit 99.4 to the Company's Registration Statement on Form S-8 (File No. 333-251328) filed with the SEC on December 14, 2020).</a>
10.5(c)†	<a href="#">Hylion 2020 Equity Incentive Plan, Form of PRSU Award Agreement (incorporated by reference to Exhibit 10.5(c) to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 24, 2022).</a>
10.6†	<a href="#">Employment Agreement, dated December 2, 2020, by and between Hylion Holdings Corp. and Patrick Sexton (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on December 7, 2020).</a>
10.7†	<a href="#">Amendment to Employment Agreement, dated October 13, 2021, by and between Hylion Holdings Corp. and Patrick Sexton (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on October 14, 2021).</a>
10.8+ 10.6+	<a href="#">First Amendment to Industrial Lease, dated December 1, 2020, by and between IGX Brushy Creek, LLC and Hylion Inc. (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 24, 2022).</a>
10.9+ 10.7+	<a href="#">Second Amendment to Industrial Lease, dated June 2, 2021, by and between IGX Brushy Creek, LLC and Hylion Inc. (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 24, 2022).</a>
10.10+ 10.8+	<a href="#">Third Amendment to Industrial Lease, dated December 17, 2021, by and between IGX Brushy Creek, LLC and Hylion Inc. (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 24, 2022).</a>
10.11* 10.9	<a href="#">Fourth Amendment to Industrial Lease, dated November 14, 2023, by and between GSNTR ATX 1200 BMC DRIVE OWNER LP, GSNTR ATX 1202 BMC DRIVE OWNER LP, and Hylion Inc.</a>
10.12†	<a href="#">Amended and Restated Employment Agreement, dated February 24, 2022, by and between Hylion Holdings Corp. and Thomas Healy (incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 24, 2022), February 13, 2024.</a>
10.13† 10.10*	<a href="#">Amended and Restated Employment Agreement, Fifth Amendment to Industrial Lease, dated February 24, 2022 May 28, 2024, by and between GSNTR ATX 1200 BMC Drive Owner LP, GSNTR ATX 1202 BMC Drive Owner LP, and Hylion Holdings Corp. and Dennis Gallagher (incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 24, 2022), Inc.</a>
10.14†	<a href="#">Amended and Restated Employment Agreement, dated February 24, 2022, by and between Hylion Holdings Corp. and Patrick Sexton (incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 24, 2022).</a>
10.15†	<a href="#">Amended and Restated Employment Agreement, dated February 24, 2022, by and between Hylion Holdings Corp. and Jose Oxholm (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 24, 2022).</a>
10.16†	<a href="#">Employment Agreement, dated February 24, 2022, by and between Hylion Holdings Corp. and Cheri Lantz (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 24, 2022).</a>
10.17†	<a href="#">Employment Agreement, dated September 12, 2022, by and between Hylion Holdings Corp. and Jon Panzer (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 001-38823) filed with the SEC on November 9, 2022).</a>
10.18 10.11	<a href="#">Hylion Holdings Corp. Executive Severance Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-38823) filed with the SEC on May 9, 2023).</a>
10.19 10.12	<a href="#">Form of Change in Control Agreement (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 001-38823) filed with the SEC on May 9, 2023).</a>
10.20+ 10.13+	<a href="#">Lease Agreement, dated May 10, 2023, by and between MELINK PROPERTIES LLC and Hylion Inc. (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 13, 2024).</a>
14.1	<a href="#">Code of Business Conduct and Ethics, dated September 27, 2022 (Incorporated by reference to Exhibit 14.1 of the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 28, 2023).</a>
19.1*	<a href="#">Hylion Holdings Corp. Insider Trading Policy</a>
21.1*	<a href="#">List of Subsidiaries.</a>

23.1*	<a href="#">Consent of Grant Thornton Independent Registered Public Accounting Firm.</a>
31.1*	<a href="#">Certification of Principal Executive Officer 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.</a>
31.2*	<a href="#">Certification of Principal Financial Officer 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.</a>
32.1*	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
97.1* 97.1	<a href="#">Hyliion Holdings Corp. Amended and Restated Clawback Policy. Policy (incorporated by reference to Exhibit 97.1 to the Company's Annual Report on Form 10-K (File No. 001-38823), filed with the SEC on February 13, 2024).</a>
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Definition Linkbase Document

101.LAB\* XBRL Taxonomy Extension Label Linkbase Document

101.PRE\* XBRL Taxonomy Extension Presentation Linkbase Document

104 Cover Page Interactive Data File (formatted as inline XBRL)

\* Filed herewith.

† Indicates a management contract or compensatory plan or arrangement, as required by Item 15(a)(3).

+ The schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

#### ITEM 16. FORM 10-K SUMMARY

None.

#### 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.

#### HYLIION HOLDINGS CORP.

Date: February 13, 2024 February 25, 2025

By: /s/ Thomas Healy

Thomas Healy  
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Thomas Healy Thomas Healy	Chief Executive Officer and Director (Principal Executive Officer)	February 13, 2024 25, 2025
/s/ Jon Panzer Jon Panzer	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 13, 2024 25, 2025
/s/ Andrew H. Card, Jr. Andrew H. Card, Jr.	Director	February 13, 2024
/s/ Rodger L. Boehm Rodger L. Boehm	Director	February 13, 2024 25, 2025
/s/ Jeffrey A. Craig Jeffrey A. Craig	Director	February 13, 2024 25, 2025
/s/ Vincent T. Cubbage Vincent T. Cubbage	Director	February 13, 2024 25, 2025
/s/ Richard J. Freeland Richard J. Freeland	Director	February 13, 2024 25, 2025
/s/ Mary E. Gustanski Mary E. Gustanski	Director	February 13, 2024 25, 2025
/s/ Robert M. Knight, Jr. Robert M. Knight, Jr.	Director	February 13, 2024 25, 2025
/s/ Stephen S. Pang Stephen S. Pang	Director	February 13, 2024
/s/ Melanie M. Trent Melanie M. Trent	Director	February 13, 2024 25, 2025

#### FOURTH FIFTH AMENDMENT TO INDUSTRIAL LEASE

This **Fourth****Fifth** Amendment to Industrial Lease (the **"Amendment"****"Amendment"**) is made and entered into by and among **GSNTR ATX 1200** **BMW DRIVE OWNER LP**, a Delaware limited partnership **("Building 1 Owner"****"Owner"**),**GSNTR ATX 1202** **BMW DRIVE OWNER LP**, a Delaware limited partnership **("Building 2 Owner"****"Owner"**) (Building 1 Owner and Building 2 Owner are collectively referred to herein as **"Landlord"****"Landlord"**), and **HYLIION INC.**, a Delaware corporation **("Tenant"****"Tenant"**), and is dated for reference purposes only as of November **May 28, 2024** (the **14****"Amendment Date"****, 2023** (the **"Amendment Date"**)).

#### **RECITALS:****RECITALS:**

**WHEREAS**, **IGX** Brushy Creek, LLC, a Texas limited liability company **("IGX"****"IGX"**), and Tenant executed that certain Industrial Lease dated as of February 5, 2018 (the **"Original Lease"****"Lease"**), as amended by that certain First Amendment to Industrial Lease dated as of December 1, 2020, that

certain Second Amendment to Industrial Lease dated as of June 2, 2021, and as amended by that certain Third Amendment to Industrial Lease dated as of December 17, 2021 (the "Third Amendment"), and the certain Fourth Amendment to the Industrial Lease dated as of November 14, 2023 ("Fourth Amendment"), pursuant to which Tenant leases from Landlord certain premises consisting of approximately 26,908 square feet of space located in Suite 100 of Building 1 located at 1200 BMC Drive, Cedar Park, Texas 78613 (the "1200 Space"), and 124,780 square feet of space constituting all of the entire Building 2 located at 1202 BMC Drive, Cedar Park, Texas 78613 (the "1202 Space"), both part of together with the Brushy Creek Corporate Center, as such leased premises are more particularly described therein. 1200 Space, collectively, the "Premises"). The Original Lease, as so amended, is herein referred to as to the "Existing Lease", and the premises leased to Tenant thereunder are herein referred to as the "Premises Existing Lease".

**WHEREAS**, Dogwood Propco TX III, L.P., a Delaware limited partnership ("Dogwood") is the successor-in-interest to IGX and Landlord is the successor-in-interest to Dogwood.

**WHEREAS**, The Third Expansion Allowance Deadline (as defined in the Third Amendment) was set to May 31, 2024 in the Fourth Amendment.

**WHEREAS**, Landlord and Tenant now desire to modify the Existing Lease in order to reallocate extend the Third Expansion Allowance (as defined in the Third Amendment), Deadline, as more specifically set forth herein below.

**AGREEMENT:AGREEMENT:**

**NOW, THEREFORE**, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Definitions**. Capitalized terms not otherwise defined herein have the meaning attributed to them in the Existing Lease. As used herein and in the Existing Lease, "Lease" shall mean the Existing Lease, as amended by this Amendment.
2. **Reallocation of Third Expansion Allowance, Expansion Allowance Deadline**. Notwithstanding anything in the Existing Lease to the contrary, Landlord and Tenant hereby agree to reallocate extend the Third Expansion Allowance as follows: (i) for the 1200 Space, a total amount equal Deadline to \$100,000.00; and (ii) for the 1202 Space, a total amount equal to \$1,219,258.00; being a total amount for the Third Expansion Allowance equal to \$1,319,258.00. September 30, 2024. Any portion of the Third Expansion

Initials  
Landlord Tenant

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Allowance for which Tenant has not submitted to Landlord a written request for disbursement and satisfied all requirements to disbursement set forth in the Existing Lease by May 31, 2024, subject to extension due to Unavoidable Delay and Landlord Delay, September 30, 2024 shall be forfeited by Tenant, and Landlord shall have no further obligation with respect thereto. Landlord agrees to pay the Third Expansion Allowance to Tenant in accordance with Addendum 1 of the Third Amendment.

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3. **Authority, Effect**. Tenant represents to Landlord as follows: (i) Tenant is duly formed and validly existing under the laws of the State of Delaware, (ii) Tenant has and is qualified to do business in Texas, (iii) Tenant has the full right and authority to enter into this Amendment, and (iv) each person signing on behalf of Tenant was and continues to be authorized to do so. Landlord represents to Tenant as follows: (i) Landlord is duly formed and validly existing under the laws of the State of Delaware, (ii) Landlord has and is qualified to do business in Texas, (iii) Landlord has the full right and authority to enter into this Amendment, (iv) each person signing on behalf of Landlord was and continues to be authorized to do so, and (v) no consent of any lender or any other party is required for the execution of this Amendment, or such consent has been obtained.

4. **Estoppel.** This Amendment is conditioned and contingent upon Tenant executing an estoppel certificate in the form attached hereto as **Exhibit A Amendment**, (the "Estoppel"). If Landlord does not receive the executed Estoppel, then this Amendment shall be void ab initio and the Lease shall continue in effect as if this Amendment had never been written.

5. **Execution.** This Amendment may be executed in multiple counterparts and all such counterparts when taken together shall constitute one and the same instrument. This Amendment and counterparts thereof, may be executed and delivered by facsimile or other electronic transmission, with the same effect as an original executed Amendment or counterpart.

6. **Successors and Assigns.** The provisions of this Amendment shall bind and inure to the benefit of the parties hereto and their heirs, successors and assigns.

7. **Effect of Amendment.** The Premises shall be subject to all of the terms and conditions of the Existing Lease except as expressly modified herein. Except as expressly modified herein, the terms of the Existing Lease shall remain in full force and effect, and Landlord and Tenant hereby ratify such terms, as herein amended.

8.4. **Successors and Assigns.** The provisions of this Amendment shall bind and inure to the benefit of the parties hereto and their heirs, successors and assigns.

5. **No Representations.** Landlord, **Landlord's** agents, Tenant, and **Tenant's** agents have made no representations or promises, express or implied, in connection with this Amendment except as expressly set forth herein and neither Landlord nor Tenant has relied on any representations except as expressly set forth herein.

9.6. **Entire Agreement.** This Amendment, together with the Existing Lease and any commencement date agreements executed by the parties with respect to the Premises (or portions thereof), contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Amendment or the Existing Lease, and no prior

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agreement, understanding or representation pertaining to any such matter shall be effective for any purpose.

10.7. **Severability.** A determination that any provision of this Amendment is unenforceable or invalid shall not affect the enforceability or validity of any other provision hereof and any determination that the application of any provision of this Amendment to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

11.8. **Submission Not an Offer.** The submission by Landlord or Tenant of this Amendment shall have no binding force or effect, shall not constitute an option, and shall not confer any right or impose any obligations upon either party, until execution and delivery of this Amendment by both parties.

9. **Signature page follows Execution.** This Amendment may be executed in multiple counterparts and all such counterparts when taken together shall constitute one and the same instrument. This Amendment and counterparts thereof, may be executed and delivered by facsimile or other electronic transmission, with the same effect as an original executed Amendment or counterpart.

3(Signature Page Follows)

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IN WITNESS WHEREOF, this Amendment is executed to be effective as of the Amendment Date.

**TENANT:TENANT:**

HYLIION INC.,  
a Delaware corporation

By: /s/ Dennis Gallagher/s/ Jon Panzer

Name: Dennis GallagherJon Panzer

Title: Chief Operating OfficerCFO

Date Signed: November 27, 20235-28-2024

**LANDLORD:LANDLORD:**

GSNTR ATX 1200 BMC DRIVE OWNER LP

a Delaware limited partnership

By: GSNTR ATX Logistics GP LLC,  
a Delaware limited liability company, its general partner

By: Princeton Meadows JV LLC,  
a Delaware limited liability company, its sole member

By: Princeton Meadows Member, LLC  
a Delaware limited liability company, its co-manager

By: GS REIT Operating Partnership L.P. a Delaware limited partnership,  
its sole member

By: Goldman Sachs & Co. LLC  
a New York limited liability company, its investment adviser

By: /s/ Dirk Degenraars

Name: Dirk Degenraars

Title: Managing Director

Date Signed: November 14, 2023

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**GSNTR ATX 1202 BMC DRIVE OWNER LP**

a Delaware limited partnership

By: GSNTR ATX Logistics GP LLC,  
a Delaware limited liability company, its general partner

By: Princeton Meadows JV LLC,  
a Delaware limited liability company, its sole member

By: Princeton Meadows Member, LLC  
a Delaware limited liability company, its co-manager

By: GS REIT Operating Partnership L.P. a Delaware limited partnership,  
its sole member

By: Goldman Sachs & Co. LLC  
a New York limited liability company, its investment adviser

By: /s/ Dirk Degenaars  
Name: Dirk Degenaars  
Title: Managing Director

Hylion Holdings Corp.

Insider Trading Policy

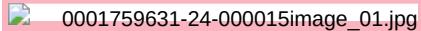
(Effective November 7, 2023)

## Introduction

During the course of your relationship with Hylion Holdings Corp. ("Hylion"), you may receive material information that is not yet publicly available ("material nonpublic information") about Hylion or other publicly traded companies that Hylion has business relationships with. Material nonpublic information may give you, or someone you pass that information on to, a leg up over others when deciding whether to buy, sell or otherwise transact in Hylion's securities or the securities of another publicly traded company. This policy sets forth guidelines with respect to transactions in Hylion securities by our employees, directors and consultants and the other persons subject to this policy as described below.

## Statement of Policy

**Date Signed:** It is the policy of Hylion that an employee, director or consultant of Hylion (or any other person subject to this policy) who is aware of material nonpublic information relating to Hylion **November 14, 2023** **may not**, directly or indirectly:



1. engage in any transactions in Hylion's securities, except as otherwise specified under the heading "Exceptions to this Policy" below;
2. recommend the purchase or sale of any Hylion's securities;
3. disclose material nonpublic information to persons within Hylion whose jobs do not require them to have that information, or outside of Hylion to other persons, such as family, friends, business associates and investors, unless the disclosure is made in accordance with Hylion's policies regarding the protection or authorized external disclosure of information regarding Hylion; or
4. assist anyone engaged in the above activities.

The prohibition against insider trading is absolute. It applies **even if** the decision to trade is not based on such material nonpublic information. It also applies to transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) and also to very small transactions. All that matters is whether you are aware of **any** material nonpublic information relating to Hylion at the time of the transaction.

The U.S. federal securities laws do not recognize any mitigating circumstances to insider trading. In addition, even the appearance of an improper transaction must be avoided to preserve Hylion's reputation for adhering to the highest standards of conduct. In some circumstances, you may need to forgo a planned transaction even if you planned it before becoming aware of the material nonpublic information. So, even if you believe you may suffer an economic loss or sacrifice an anticipated profit by waiting to trade, you must wait.

It is also important to note that the laws prohibiting insider trading are not limited to trading by the insider alone; advising others to trade on the basis of material nonpublic information is illegal and squarely prohibited by this policy. Liability in such cases can extend both to the "tippee"—the person to whom the insider disclosed material nonpublic information and to the "tipper," the insider himself or herself. In such cases, you can be held liable for your own transactions, as well as the transactions by a

tippee and even the transactions of a tippee's tippee. For these and other reasons, it is the policy of Hyliion that no employee, director or consultant of Hyliion (or any other person subject to this policy) may either (a) recommend to another person that they buy, hold or sell Hyliion's securities **at any time** or (b) disclose material nonpublic information to persons within Hyliion whose jobs do not require them to have that information, or outside of Hyliion to other persons (unless the disclosure is made in accordance with Hyliion's policies regarding the protection or authorized external disclosure of information regarding Hyliion).

In addition, it is the policy of Hyliion that no employee, director or consultant of Hyliion (or any other person subject to this policy) who, in the course of working for Hyliion, learns of or is otherwise aware of material nonpublic information about another publicly traded company with which Hyliion does business, including a customer, supplier, partner or collaborator of Hyliion, may trade in that company's securities until the information becomes public or is no longer material.

There are no exceptions to this policy, except as specifically noted above or below.

#### Transactions Subject to this Policy

This policy applies to all transactions in securities issued by Hyliion, as well as derivative securities that are not issued by Hyliion, such as exchange-traded put or call options or swaps relating to Hyliion's securities. Accordingly, for purposes of this policy, the terms "**trade**," "**trading**" and "**transactions**" include not only purchases and sales of Hyliion's common stock in the public market but also any other purchases, sales, transfers, gifts, or other acquisitions and dispositions of common or preferred equity, options, warrants and other securities (including debt securities) and other arrangements or transactions that affect economic exposure to changes in the prices of these securities.

#### Persons Subject to this Policy

This policy applies to you and all other employees, directors and consultants of Hyliion and its subsidiaries. This policy also applies to members of your immediate family, persons with whom you share a household, persons who are your economic dependents and any other individuals or entities whose transactions in securities you influence, direct or control (including, e.g., a venture or other investment fund, if you influence, direct or control transactions by the fund). The foregoing persons who are deemed subject to this policy are referred to in this policy as "**Related Persons**." You are responsible for making sure that your Related Persons comply with this policy.

#### Material Nonpublic Information

##### *Material information*

It is not always easy to figure out whether you are aware of material nonpublic information. But there is one important factor to determine whether nonpublic information you know about a public company is material: whether the information could be expected to affect the market price of that company's securities or to be considered important by investors who are considering trading that company's securities. If the information makes you want to trade, it would probably have the same effect on others. Keep in mind that both positive and negative information can be material.

There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by relevant enforcement authorities with the benefit of hindsight. Depending on the specific details, the following items may be considered material nonpublic information until publicly disclosed within the meaning of this policy. There may be other types of information that would qualify as material information as well; use this list merely as a non-exhaustive guide:

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#### EXHIBIT A • ESTOPPEL CERTIFICATE

**Tenant Estoppel Certificate**

**Upon Completion, Please Return to:**

GSNTR ATX 1200 BMC DRIVE OWNER LP GSNTR ATX 1202 BMC DRIVE OWNER LP GSNTR ATX 1150  
TECHNOLOGY BLVD OWNER LP  
GSNTR ATX 3813 HELIOS WAY OWNER LP  
c/o Goldman Sachs & Co. LLC 2001 Ross Avenue, Suite 2800  
Dallas, Texas 75201

Re: 1200-1202 BMC Drive, Cedar Park, Texas (collectively, the "Property") Ladies and Gentlemen:

The following statements are made with the knowledge that the addressees listed above (together with their respective successors and assigns, the "Addressees") are relying on such statements in connection with the Lease, and the Addressees, their respective lenders (together with their respective successors and assigns, the "Lenders"), and successor owners of the Property are entitled to rely on the statements herein; however, nothing in this certificate shall modify financial results or amend the terms of the Lease.

The undersigned ("Tenant"), being the Tenant under the Lease covering certain premises ("Leased Premises") in the Property, hereby certifies to the Addressees, Lenders and successor owners of the Property that the following statements are true, correct and complete as of the date hereof:

1. Tenant is the tenant under a lease with GSNTR ATX 1200 BMC DRIVE OWNER LP, a Delaware limited partnership and GSNTR ATX 1202 BMC DRIVE OWNER LP, a Delaware limited partnership, as successor in interest to Dogwood Propco TX III, L.P., as successor in interest to IGX Brushy Creek ("Landlord") dated February 5, 2018, as amended by (i) the First Amendment to Industrial Lease, dated December 1, 2020, by Landlord and Tenant, (ii) the Second Amendment to Industrial Lease, dated June 2, 2021, by Landlord and Tenant, (iii) the Third Amendment to Industrial Lease, dated December 17, 2021, by Landlord and Tenant, (iv) as supplemented by that certain Tenant Improvement Allowance Extension Request dated February 15, 2023 by Tenant and acknowledged by Landlord on February 22, 2023, and (v) the Fourth Amendment to Industrial Lease dated November 1, 2023 (collectively, the "Lease"). The Lease demises to Tenant approximately (i) 26,908 square feet in 1200 BMC Drive and (ii) 124,780 square feet in BMC 1202 Drive. The initial term of the Lease commenced on November 1, 2018 and will expire on April 30, 2027, exclusive of unexercised renewal options and extension options contained in the Lease. Except as set forth in this Paragraph 1 there have been no amendments,

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modifications or revisions to the Lease, and there are no agreements of any kind between Landlord and Tenant regarding the Leased Premises.

2. The Lease has been duly authorized and executed by Tenant and is in full force and effect.
3. Tenant is presently occupying the Leased Premises. The Lease has not been assigned by Tenant and no sublease, concession agreement or license covering the Leased Premises, or any portion of the Leased Premises, has been entered into by Tenant, which is not otherwise reflected in the Lease.
4. Tenant is currently obligated to pay fixed or base rent under the Lease in the annual amount of (i) for 1200 BMC Drive, \$388,844.76 payable in monthly installments of \$32,403.73 and (ii) for 1202 BMC Drive, \$1,803,183.36 payable in monthly installments of \$150,265.28. Rent has been paid under the Lease through November 30, 2023. No rent under the Lease has been paid more than one (1) month in advance, and no other sums have been deposited with Landlord other than \$221,608.36 deposited as security under the Lease. The security deposit is not subject to any set-off or reduction or any increase for interest or other credit due to tenant not otherwise set forth in the Lease. Except as specifically stated in the Lease, Tenant is entitled to no rent concessions, free rent, allowances or other similar compensation in connection with renting the Leased Premises.
5. To Tenant's knowledge, neither Landlord nor Tenant is in default under the Lease beyond any applicable cure period and, to Tenant's knowledge, no event has occurred which, with the giving of notice or passage of time, or both, could result in such a default.
6. Except as specifically stated in the Lease, Tenant has not been granted (a) any option to extend the term of the Lease, (b) any option to expand the Leased Premises or to lease additional space within the Property, (c) any right of first refusal on any space at the Property, (d) any option or right of first refusal to purchase the Leased Premises or the Building or any part thereof, or (e) any option to terminate the Lease prior to its stated expiration.

7. To Tenant's actual knowledge as of the date hereof without any duty to investigate or inquire, all obligations and conditions under the Lease to be performed to date by Landlord have been satisfied, free of defenses and set-offs, including, without limitation, all construction work in the Leased Premises, and Landlord has paid in full all allowances and inducements due and payable to Tenant, except for \$1,319,258.00. The deadline to use this unpaid Tenant Improvement Allowance is May 31, 2024, per the Fourth Amendment extending the Third Expansion Allowance Deadline.
8. To Tenant's actual knowledge as of the date hereof without any duty to investigate or inquire, the Landlord has not rebated, reduced or waived any amounts due from Tenant under the Lease, nor has Landlord provided financing for, made loans or advances to, or invested in Tenant's business.
9. To Tenant's actual knowledge as of the date hereof without any duty to investigate or inquire, Tenant has not received any notice of any present violation of any federal, state, county or municipal laws, regulations, ordinances, order or directives relating to use, operation or condition of the Leased Premises.

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10. There are no actions pending against Tenant under any bankruptcy or similar laws of the United States or any state; forecasts;
11. To Tenant's actual knowledge as of the date hereof without any duty to investigate or inquire, other than in compliance with all applicable laws and incidental to the ordinary course of the use of the Leased Premises, Tenant has not used new products, features or stored any hazardous materials or substances in the Leased Premises; processes;
12. To Tenant's actual knowledge as acquisitions or dispositions of the date hereof without any duty to investigate or inquire, Tenant confirms that there has been no leakage of PFAS assets, divisions or any other hazardous materials or substances at the Leased Premises.

[Signature Page Follows]

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EXECUTED as of the day of November, 2023.

TENANT

**Hylion, Inc.**, a Delaware corporation

By: /s/ Dennis Gallagher  
Name: Dennis Gallagher  
Title: Chief Operating Officer

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made as of May 10, 2023 (the "Effective Date"), by and between MELINK PROPERTIES LLC, an Ohio limited liability company ("Landlord"), and HYLIION INC., a Delaware corporation ("Tenant").

#### RECITALS

A. Landlord owns the land and all improvements and buildings thereon as described in the attached [Exhibit A](#), which are collectively referred to as the "Property."

B. Landlord desires to lease the Premises (as hereinafter defined) to Tenant, and Tenant desires to lease the Premises from Landlord in accordance with the terms and conditions of this Lease.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements and covenants hereinafter set forth, Landlord and Tenant hereby agree as follows:

- 1. GRANT OF LEASE.** Landlord leases to Tenant, and Tenant leases from Landlord, on the terms and conditions set forth in this Lease, the entire building located at 5130 River Valley Road in the City of Milford, Clermont County, Ohio (the "Building") consisting of approximately 30,236 square feet, together with the right to use, in common with Landlord (for purposes of performing its obligations under this Lease and exercising any reserved rights), (a) all easements and rights appurtenant to the Property, (b) all portions of the Building (if any) designed for the common use of all tenants and occupants of the Building, (c) all utility lines, pipes, conduits and other similar facilities on the Property necessary for the use of the Premises, and (d) all parking areas and drives located on the Property (collectively, the "Premises", which may also be referred to as the Property herein). Tenant's use of these common facilities shall be subject to such reasonable rules and regulations as Landlord may adopt, but shall not materially interfere with Tenant's rights under this Lease. Notwithstanding the foregoing, Landlord reserves for its, and its designees, use of the last row of parking on the Property located furthest away from the Building. Landlord shall be entitled to place signage on such spaces at its sole expense and shall be entitled to use the driveways on the Property for access to and from such parking spaces. Specifically, Landlord hereby covenants and agrees that Tenant shall have unimpeded vehicular and pedestrian access over and across that portion of the driveway (the "Driveway") located on the adjacent property subject to an easement owned by Landlord as more particularly set forth on the site plan attached to Exhibit A (the "Site Plan") for purposes of ingress and egress to and from River Valley Road to the parking lot located on the Premises, and Landlord agrees to keep said Driveway in good order, repair and condition at Landlord's sole cost and expense during the Term of this Lease, provided however, that Tenant shall be responsible for the cost of such repair if Tenant causes damage to the Driveway beyond ordinary wear and tear in connection with the uses permitted herein.
- 2. CONDITION OF PREMISES; PREPARATION OF PREMISES.** The Premises are leased to Tenant in their present condition, "as is," as of the date of this Lease, provided that Landlord shall construct the improvements described on [Exhibit B](#) attached hereto and made a part hereof (the "Landlord Improvements") in a good and workmanlike manner and in accordance with all applicable Laws (as hereinafter defined) at Landlord's sole cost and expense, and shall deliver the Premises to Tenant in compliance with all applicable Laws, and with all mechanical, electrical, plumbing, fire suppression and other Building systems in good working order and condition. Tenant shall construct all other alterations or improvements to the Premises as it desires or are necessary or appropriate

to operating its business on the Premises (the "Tenant Improvements"). The scope of the Tenant Improvements is initially intended to be as shown on [Exhibit C](#) attached hereto and made a part hereof. Tenant shall prepare plans and specifications for the Tenant Improvements and submit them to Landlord for review. Landlord shall have five (5) business days after receipt to review and approve/disapprove (with specific reasons), which shall not be unreasonably withheld, conditioned or delayed. Tenant shall revise to address Landlord's reasonable concerns and this process shall continue until final Landlord approval is obtained (which finally approved plans and specifications shall be referred to as the "Tenant Plans"). Landlord approval shall not be deemed to be any representation or covenant that the Tenant plans achieve a certain standard of construction, comply with Laws or as to any other matter. Tenant shall construct the Tenant Improvements in a good and workmanlike manner, free and clear of any encumbrances, in compliance with all applicable Laws and the Tenant Plans. Tenant shall be obligated to obtain all other permits, consents and approvals needed to construct and occupy the Tenant Improvements, including without limitation a certificate of occupancy for the Premises and the Property, if applicable. Tenant shall carry the insurance required by Section 10 hereof and shall require all contractors to comply with the Ohio worker's compensation laws and carry, and provide evidence to Landlord of, comprehensive general liability policy including without limitation, contractor's liability insurance, contractual liability coverage, completed operations coverage, broad form property damage endorsement and contractor's protective liability coverage with combined limits for personal injury and death and property damage of \$2,000,000.00.

- 3. TERM.** The term of this Lease (the "Primary Term") shall commence on the later of July 1, 2023, or (ii) the date (the "Delivery Date") Landlord completes the Landlord's Work (subject only to minor punch list items that do not materially interfere with Tenant's use) and delivers exclusive

possession of the Premises to Tenant in the condition required by this Lease (the "Commencement Date") and shall continue for five (5) full "Lease Years" thereafter. "Lease Year" means the one-year period beginning on the Commencement Date and each anniversary of the Commencement Date. Notwithstanding the foregoing, upon full execution of this Lease, Tenant shall have the right to enter the Premises at any time after May 31, 2023 for purposes of readying the Premises for Tenant's use thereof and the commencement of Tenant's Work, including without limitation, the installation of Tenant's furniture, fixtures, equipment, machinery, and otherwise conducting the uses permitted by this Lease, provided that Tenant does not materially interfere with Landlord's Work, abides by the reasonable rules of Landlord and does not interfere with the use of the office portion of the Premises prior to the Delivery Date. The period between the full execution of this Lease and the Commencement Date shall be referred to as the "Early Access Period." Tenant shall not be responsible for the payment of any rent or other sums due under this Lease during the Early Access Period until the Commencement Date occurs, provided that all of the other terms of this Lease shall apply (such as insurance requirements, indemnities and other provisions). Landlord shall substantially complete Landlord's Work prior to July 1, 2023.

4. **RENEWAL TERMS.** Provided Tenant is not in default under this Lease beyond any applicable period for curing the default, Tenant shall have the option to renew this Lease for two (2) additional period of three (3) Lease Years each (each, a "Renewal Term") by giving Landlord written notice of renewal at least 180 days before the expiration of the Primary Term or then applicable Renewal Term. These renewals shall be upon the same terms and conditions that apply during the Primary Term, except for the amount of the

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rent, which shall be as set forth in Section 5.2 and there shall be one less available Renewal Term. The phrases "term of this Lease," "Lease term" or any similar phrases used in this Lease, shall, where appropriate, mean the Primary Term and the properly and timely exercised Renewal Term.

5. **RENT.**

5.1 During Primary Term. Tenant shall be obligated to pay Landlord as annual rent for the Premises during the Primary Term the following amounts:

Lease Year	Square Footage	Monthly Rent	Annual Rent
1	30,236	\$45,354.00	\$544,248.00
2	30,236	\$46,714.62	\$560,575.00
3	30,236	\$48,116.00	\$577,392.00
4	30,236	\$49,559.50	\$594,714.00
5	30,236	\$51,046.25	\$612,555.00

5.2 During Renewal Term(s). During Renewal Term(s), if exercised, rent shall continue to increase by three percent (3%) per Lease Year.

5.3 Payment. The rent shall be due and payable in equal monthly installments in advance on the first day of each month during the term of this Lease to Landlord at its notice address, or at such other place as Landlord may designate by written notice to Tenant. The rent for any partial month prior to the first full Lease Year shall be prorated on a per diem basis and shall be due and payable on the Commencement Date.

5.4 Late Payment Charges. If Tenant fails to pay any installment of rent when due, or any Insurance Costs, or other charges payable under this Lease when due, or within 5 days after the due date established in this Lease, Tenant shall pay Landlord a late charge equal to five percent (5%) of the amount due as a late charge to cover Landlord's administrative expenses and not as a penalty. In addition, Tenant shall pay interest on the unpaid amounts, from the 11th day after the due date until paid by Tenant, at the rate of ten percent (10%) per annum or, if less, the maximum rate permitted by law.

5.5 Net Lease. Except as otherwise specifically provided herein, this Lease is a "net" Lease. Tenant shall pay all rent and all other charges due under this Lease without notice or demand and free from any charges, taxes, assessments, impositions, claims, damages, expenses, deductions, set-offs, counterclaims, abatement, suspension or defense of any kind. It is the intention of the parties that the obligations of Tenant shall be separate and independent covenants, that the rent and all other charges payable by Tenant shall continue to be payable in all events, and that the obligations of Tenant shall continue unaffected unless the requirement to pay or perform the same shall have been terminated or modified pursuant to an express provision of this Lease. Except as otherwise specifically provided in this Lease, Tenant shall pay and be responsible to Landlord for all costs, expenses, obligations, liabilities and acts necessary to and for the proper use, operation, maintenance, care and occupancy of the Premises and Property. Tenant waives all rights now or in the future conferred by law to quit, terminate or surrender this Lease or the Property or to any

abatement, suspension, deferment or reduction of the rent or any other charges and under this Lease, except as otherwise expressly provided in this Lease.

1. **SECURITY DEPOSIT.** Upon the execution of this Lease, Tenant has paid Landlord \$45,354.00 to be held by Landlord as security for the performance of Tenant's obligations. If Tenant defaults in the performance of any of its obligations under this Lease beyond any applicable notice and cure period, then in addition to any other remedies available to Landlord, Landlord may, at its option, apply the security deposit to

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discharge any obligation of Tenant or to pay any costs incurred by Landlord as a result of Tenant's default. Tenant shall promptly reimburse Landlord for any funds so expended. Within 30 days after the expiration of the term of this Lease, and provided that Tenant has surrendered the Premises to Landlord in accordance with Section 29, Landlord shall pay to Tenant, without interest, the balance of the security deposit which has not been previously applied in accordance with these provisions.

2. **USE OF PREMISES.** Tenant will use and occupy the Premises for office, warehouse, manufacturing, and other lawful purposes incidental thereto in connection with Tenant's operations, and for no other purpose without Landlord's prior written consent. In connection with its use and occupancy of the Premises, Tenant shall not:

(a) install, use, operate or maintain any machinery or equipment or permit any other activity or conduct within the Premises which (i) produces any discernible vibration or noise within any part of the Building that violates any applicable governmental noise ordinance or creates a nuisance outside the Premises, or (ii) overloads the floors or any other structural portions of the Premises or the Building;

(b) use any part of the roof of the Building for any purpose other than in connection with the Tenant Improvements or alterations of the Premises or Building or performing any maintenance obligations hereunder; however, Tenant agrees to cooperate with Landlord's requirements with respect to any roof modifications or alterations so as not to void any applicable roof warranty, including the use of Landlord's contractors to perform any roof work or maintenance; or

(c) treat, manufacture, use, store, release or dispose of hazardous substances, hazardous wastes, petroleum products or other substances regulated under applicable Laws ("Hazardous Substances"), except that Tenant may use, store and dispose of any of the foregoing materials to the extent that (i) the materials and quantities to be used and stored on the Premises are in connection with Tenant's business operations (provided that in the event Tenant's use changes from its initial use Tenant will provide written notice to Landlord regarding any additional Hazardous Substances used by Tenant on the Premises and follow any reasonable guidelines by Landlord for such use), and (ii) the use and storage of the materials on the Premises is not prohibited by, and is done in a manner to comply with, applicable Laws; or

(d) permit the Premises to be used for any purpose that would render void or cause cancellation of any insurance maintained on the Building by Landlord, or cause an increase in the premiums for such insurance.

1. **COMPLIANCE WITH LAWS.** Tenant, at its sole expense, shall comply with all present and future federal, state or local laws, rules, orders, ordinances and regulations (the "Laws") applicable to its use and occupancy of the Premises, and shall make any repairs, modifications or additions to, or remediate, the Premises that may be required by any of those Laws if such requirements are due to Tenant's particular use of the Premises or the Hazardous Substances brought by Tenant onto the Premises. Landlord shall be responsible for any violations of Laws existing on or prior to the Effective Date and shall correct the same at Landlord's sole cost and expense. Tenant shall have no liability or obligations with respect to any hazardous materials regulated by applicable Laws which were preexisting at, in or upon the Premises or which were not first introduced to the Premises by Tenant, officers, members, agents, consultants, employees, licensees, invitees and contractors, and Landlord shall be solely responsible for the removal and/or remediation of the same. If Tenant is unable to use all or a portion of the Premises as a result of the presence of any such hazardous materials for which Tenant is not responsible for hereunder, then Tenant shall receive an abatement of Rent for each day

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that Tenant is unable to use the Premises or portion thereof until Tenant is able to resume such use.

**2. UTILITIES AND SERVICES.** Tenant shall pay all charges against the Premises for water, sanitary sewer, gas, light, heat, electricity and any other utility services furnished to or consumed on the Premises directly to such providers thereof, and if any such services are provided by Landlord, they shall be so provided without any cost markup applicable thereto. The cost of any services shared with another property which are not separately billed to Tenant shall be reasonably proportioned between the properties services thereby in Landlord's reasonable determination. Tenant shall be responsible for obtaining and paying all costs of janitorial services for the Property (including the restrooms on each floor of the Premises), trash removal, internet and telephone service. Landlord shall have the right, without being liable to Tenant and without abatement or reduction of rent, to suspend, delay or stop any of the utilities or services provided by Landlord whenever necessary due to emergency, inspection, cleaning, repairs, replacements, alterations, improvements or renewals that are necessary in Landlord's judgment, and whenever necessary due to causes beyond Landlord's control, and shall provide Tenant with prior notice of such interruptions to the extent reasonably possible. In any such event, Landlord shall use reasonable diligence to complete repairs promptly so as to minimize any resulting interruptions in utilities or services. If through an act or omission of Landlord, its employees, agents, contractors, or representatives, there is an interruption of utility services to the Premises which renders all or a portion of the Premises unusable, then rent payable under Section 5.1 shall abate in same proportion as the unusable portion of the Premises bears to the entire Premises from that date which is three (3) business days after Tenant gives Landlord notice of such interruption until such interruption ceases.

**3. PUBLIC LIABILITY AND FIRE INSURANCE.**

**10.1 Public Liability Insurance.** Tenant shall procure and maintain commercial general liability insurance for the Premises with policy limits of not less than a single limit of \$2,000,000.00 for personal injury or death and property damage per occurrence and \$3,000,000.00 in the aggregate. Landlord and any mortgagee shall be named as additional insureds under this policy. The policy shall contain an agreement by the insurer that it will not cancel the policy except after fifteen days' prior written notice to Landlord and Tenant and that any loss otherwise payable shall be payable notwithstanding any act or negligence of Landlord or Tenant that might, absent such agreement, result in a forfeiture of all or a part of the insurance payment.

**10.2 Fire and Casualty Insurance.** Except for the Tenant Improvements or other alterations or improvements to the Premises made by Tenant, Landlord shall keep the Building and all other improvements located on the Property insured against loss by fire and all of the risks and perils insured against in a "special form" commercial property insurance policy. During the term of this Lease, Tenant shall procure this type of insurance with respect to the Tenant Improvements, and any other alterations and improvements installed on the Property by Tenant, in the amount of their full replacement cost. Landlord may also obtain such additional coverages as it deems appropriate for the Building, including, but not limited to, boiler and machinery and rent loss insurance or endorsements. This insurance shall be written by a company of recognized financial standing that is authorized to do an insurance business in the State of Ohio. The costs incurred by Landlord pursuant to this Section 10.2 are referred to as "Insurance Costs." Tenant shall reimburse Landlord for the Insurance Costs in accordance with the provisions of Section 10.3

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**10.3 Insurance Cost Reimbursement.** Tenant shall pay Landlord for all Insurance Costs incurred by Landlord during the term of this Lease with respect to the Property, less any deductibles. The Insurance Costs shall be due and payable within 10 days after Landlord notifies Tenant in writing of the amount due.

**10.4 Certificates.** At the commencement of the term of this Lease or, if earlier, prior to an entry by Tenant on the Property, Tenant shall deliver to Landlord a certificate of the insurance required to be maintained under Section 10.1. Tenant shall also deliver to Landlord at least 10 days prior to the expiration date of such policy (or of any renewal policy), certificates for the renewal of this insurance.

**1. WAIVER OF LIABILITY.** Notwithstanding anything to the contrary in this Lease, Landlord and Tenant on behalf of themselves and all others claiming under them, including any insurer, waive all claims against each other, including all rights of subrogation, for loss or damage to their respective property arising from fire and any of the other perils normally insured against in a "special form" policy of commercial property insurance, regardless of whether such insurance is actually in place and of the negligence of either party. If either party so requests, the other party shall obtain from its insurer a written waiver of all rights of subrogation that it may have against the other party.

**2. INDEMNIFICATION.** Except to the extent liability has been waived under Section 11, Tenant shall indemnify, defend and hold Landlord harmless against any and all claims, liabilities, damages or losses, and any attorneys' fees and other incidental expenses, resulting from injury or death of any person or damage to property occurring on or about the Premises or arising in conjunction with the use and occupancy of the Property or Premises by Tenant or others claiming under Tenant, except to the extent the death, injury or damage was sustained as a result of any tortious or negligent act of Landlord or of its employees, agents or contractors, or by reason of the breach of any of Landlord's obligations under this Lease. In addition, Tenant shall indemnify, defend and hold Landlord harmless against any claims, liabilities, damages, losses or expenses resulting from the release of hazardous substances, hazardous wastes or petroleum products on or from the Premises which were

first introduced thereon by Tenant or other violations of applicable Laws occurring during the term of this Lease to the extent caused by Tenant, its officers, members, agents, consultants, employees, licensees, invitees and contractors. Except to the extent liability has been waived under Section 11, Landlord shall indemnify, defend, and hold Tenant harmless from and against any and all claims, liabilities, damages or losses, and any attorneys' fees and other incidental expenses, resulting from injury or death of any person or damage to property occurring on or about the Premises to the extent arising out of the negligence or willful misconduct of Landlord, its employees, agents, contractors or representatives, for any hazardous substances located on, in or under the Property which were not first introduced by Tenant, and for Landlord's failure to comply with its obligations under this Lease. The indemnities contained in this Section shall survive the expiration or termination of this Lease.

### **3. MAINTENANCE.**

**13.1 Landlord's Repairs.** Landlord, at its sole expense and without reimbursement from Tenant, shall promptly (after Landlord is provided written notice of the need therefor) perform all repairs and maintenance and make all replacements as are necessary to keep in good order, condition and repair the roof, roof membrane and all structural elements and portions of the Premises and Building, including structural walls, floors and foundations. In addition, Landlord shall maintain in good repair and condition and shall promptly (after Landlord

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is provided written notice of the need therefor) perform all repairs and maintenance to (i) the exterior elements and portions of the Building, (ii) utility and mechanical systems and facilities exterior to the Building, and (iii) the heating, ventilating and air conditioning systems serving the Building. Tenant shall reimburse Landlord for Landlord's costs in connection with complying with its obligations in the immediately preceding sentence (except the complete replacement of an HVAC unit which shall be the sole cost of Landlord without reimbursement) and any and all costs incurred by Landlord in connection with the ownership, repair, maintenance, replacement and operations of the Property and the Premises, or any portion thereof, subject to Landlord's obligations in the first sentence in this Section 13.1 which shall remain Landlord's responsibility. Notwithstanding the foregoing, Tenant shall not be obligated to reimburse any of the following: (a) costs reimbursed by or reasonably expected to be covered by insurance or warranty; (b) interest and amortization of debt service; (c) non-cash items such as deductions for depreciation; (d) any items which are the responsibility of Landlord hereunder without reimbursement from Tenant, or (e) any costs due to the negligence or willful misconduct of Landlord, its employees, agents, contractors or representatives. Landlord shall not be responsible for making any repairs until notified of the need therefor by Tenant, or unless Landlord otherwise obtains actual knowledge of the need for such repairs.

**13.2 Tenant's Repairs.** Tenant shall, at its expense, perform all repairs and maintenance and make all replacements as are necessary to keep in good order, condition and repair, all portions of the interior of the Premises, including, but not limited to, interior walls, floor coverings, carpeting, finished ceilings, light fixtures, doors and entranceways, glass, windows and all plumbing, sewer, and electrical equipment located within the interior of the Premises. In addition, Tenant, at its sole cost and expense, shall be responsible for all "daily" maintenance of the Property and the Premises. Tenant further agrees that it will not cause or permit any waste or damage to the Premises, nor allow the accumulation of boxes, barrels, packages, wastepaper or other trash in violation of applicable Laws. In addition, Tenant at its expense shall repair, replace or restore all damage to the Premises or the Building caused by the negligent acts or omissions of Tenant or its agents, contractors, employees or invitees, or by a breach by Tenant of its obligations under this Lease, except to the extent liability is waived under Section 11.

**13.3 Landlord's Performance of Tenant Repairs.** Upon request of Tenant, Landlord shall make any repairs which Tenant is required to undertake hereunder and Tenant shall reimburse Landlord for the costs thereof within fifteen (15) days after invoice from Landlord.

**1. IMPROVEMENTS BY TENANT.** Subsequent to the construction of Tenant Improvements, Tenant shall have the right to make such nonstructural alterations, additions or improvements within the Premises as it considers necessary or desirable for the conduct of its business, provided that (i) all work shall be done in a good and workmanlike manner and in accordance with all applicable Laws and the other provisions of this Lease; (ii) the structural integrity or utility or mechanical systems of the Building shall not be materially impacted; (iii) Tenant shall submit to Landlord complete plans and specifications for any alterations, additions or improvements to the Premises; (iv) Tenant shall first obtain Landlord's written consent to make the alterations, additions, or improvements, including Landlord's approval of the plans and specifications, which consent and approval shall not be unreasonably withheld, conditioned or delayed; and (v) Tenant shall not permit any liens to attach to the Premises. Upon the termination of this Lease, any alterations, additions or improvements made by Tenant shall become the property of Landlord, or, to the extent Landlord requests in writing at the time Landlord

approves of the Tenant Improvements or alterations, the same shall be removed, without damage to the Premises, and Tenant shall restore the Premises to as near its original condition as possible, except for normal wear and tear since the last repair or replacement required by this Lease.

2. **REAL ESTATE TAXES.** Tenant shall reimburse/pay Landlord within fifteen (15) days after demand for all real estate taxes, assessments or levies, whether general or special, ordinary or extraordinary, of every nature or kind whatsoever, including without limitation, sewer and water and other utility charges or rates that may be assessed, any payments in lieu of such taxes or charges, and PACE special assessments against the Property or any portion thereof, which become due and payable with respect to the Property during the term of this Lease. Tenant shall not be liable for any excise, rent taxes or impact fees, franchise or margin taxes (unless the same are substituted for real estate taxes), or any gift, estate, inheritance, transfer, or other taxes based upon the income of Landlord.
3. **DAMAGE AND DESTRUCTION.** If during the term of this Lease the Premises are so damaged by fire or other casualty as to be rendered untenantable in whole or in substantial part, as reasonably determined by Landlord and Tenant, then either Landlord or Tenant may terminate this Lease effective as of the date of such casualty. In addition, if the Building is destroyed in whole or in substantial part by casualty, or if Landlord determines that the insurance proceeds are/will be insufficient to repair the damage to the Building or Landlord's mortgagee elects/will likely elect to apply any of the proceeds to the mortgage debt, Landlord may terminate this Lease effective the date of such casualty. These elections by Landlord or Tenant shall be made within 30 days after the occurrence of the casualty, or shall be deemed waived. If this Lease is not so terminated, either because the damage does not render the Premises untenantable, either in whole or in substantial part or because neither Landlord nor Tenant elects to terminate this Lease pursuant to the preceding provisions, then Landlord shall, with all due diligence, repair and restore the Premises to substantially their original condition (excluding any Tenant Improvements or other alterations or improvements made by Tenant). The rent shall be abated in proportion to the untenantable space until the Premises are restored. If this Lease is terminated by Tenant or Landlord pursuant to this Section 16, Landlord shall refund any rent prepaid beyond the effective date of termination. The term "substantial part" means more than 50% of the square footage of the Building is damaged.
4. **CONDEMNATION.** If during the Lease term the Premises or any part of the Premises is taken by eminent domain or sold under threat of taking by eminent domain, and the loss of that part of the Premises so taken or sold substantially interferes with Tenant's use of the Premises, Tenant may terminate this Lease by giving Landlord written notice. This termination shall be effective as of the date of the occurrence of the taking or sale. Landlord shall also have the right to terminate this Lease if all or any part of the Premises, Building or Property is taken or condemned or sold under threat of taking. The rights of termination of Landlord and Tenant under the preceding sentences shall be exercised within a reasonable time after notice of the taking, but in no event later than the effective date of the taking or sale. If the Premises are taken in whole or in part but this Lease is not terminated by a party exercising its rights under the preceding provisions, Landlord shall promptly restore any damage to the Premises to the extent reasonably possible (but Landlord is not required to expend more than the amount of the condemnation proceeds received by Landlord for such purposes) and the rent for the Premises shall be proportionately reduced commencing on the date when possession of

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the part so taken or sold is surrendered by Tenant. If this Lease is terminated pursuant to this Section 17, Landlord shall refund to Tenant any rent prepaid beyond the effective date of termination.

In the event of any taking or sale of the kind described in the preceding paragraph, Tenant irrevocably assigns to Landlord any award, compensation or payment to which Tenant may become entitled by reason of Tenant's interest in this Lease, the Premises or any leasehold improvements. Nothing in this Lease shall impair Tenant's right to any award or payment on account of Tenant's trade fixtures, moving expenses and loss of business, if available, to the extent Tenant has a right to make a claim against the person or entity having the power of eminent domain, but in no event shall any such claim be based on the value of Tenant's leasehold interest or reduce the award otherwise payable to Landlord.

#### 1. **DEFAULT.**

18.1 **Tenant's Default.** Tenant shall be in default of this Lease if (a) Tenant fails to pay the rent or any other amount required to be paid by Tenant when the same becomes due and payable under the terms of this Lease; provided that Landlord agrees to give Tenant written notice of such failure and seven (7) days to cure the same (provided that Landlord shall only be obligated to give Tenant notice of a failure to pay the rent under Section 5.1 twice per calendar year, thereafter during such calendar year, any failure of Tenant to timely pay the rent due under Section 5.1 shall be a

default hereunder without the need for any written notice); (b) Tenant fails to perform any other duty or obligation imposed by this Lease and the default continues for a period of 30 days after written notice is given to Tenant by Landlord, or for an unreasonable period of time not to exceed 90 days if 30 days is not sufficient time to repair, remedy or correct such default; (c) Tenant is declared insolvent or adjudged bankrupt, or makes a general assignment for the benefit of its creditors; (d) a receiver of any property of Tenant in or upon the Premises is appointed in any action, suit or proceeding by or against Tenant; (e) any action or proceeding under the National Bankruptcy Act is filed by or against Tenant, and such appointment, suit, action or proceeding is not dismissed within sixty days; or (f) the interest of Tenant in the Premises is sold under execution or other legal process.

**18.2 Remedies.** In the event of Tenant's default beyond any applicable notice and cure period set forth in Section 18.1, Landlord shall have the right to enter upon the Premises by statutory legal process and repossess and enjoy the same, and, upon demand by Landlord, Tenant shall surrender complete and peaceable possession of the Premises. This Lease shall then terminate at Landlord's option. Whether or not Landlord elects to terminate this Lease, Landlord may immediately recover from Tenant, and Tenant shall be liable to Landlord for, all rent and other charges due and unpaid up to the time of such reentry. If Landlord elects to terminate this Lease, Landlord shall be entitled to the damages caused by Tenant's default, which shall include (a) the costs of reletting the Premises, (b) the difference between the total amount of rent and other charges that Tenant agreed to pay for the balance of the term of this Lease and the fair rental value of the Premises over the same period (i.e., the amount of rent and other charges that Landlord would reasonably expect to receive by reletting the Premises), and (c) all additional sums to which Landlord may be entitled under applicable law. Tenant's obligation to pay rent shall survive any termination of this Lease due to Tenant's default. If Landlord does not elect to terminate this Lease, Landlord may, without waiving or postponing any other rights given it by law or provided for in this Lease, relet the Premises on such terms as it deems best, and apply the proceeds, less all expenses of reletting, to payment of past due rent and the rent due for the balance of the term and hold Tenant liable for the difference. In no event shall Tenant be entitled to any excess rents received by Landlord upon reletting the Premises. The expenses of reletting shall include reasonable attorneys' fees actually paid in recovering and reletting the Premises; the

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cost of all repairs, additions and improvements necessary to prepare the Premises for reletting; and all brokerage commissions and fees paid with respect to any reletting. These remedies shall not be deemed exclusive, and Landlord shall have all other rights and remedies provided in law or equity.

**18.3 Right to Cure.** Without limiting any other remedy available to Landlord by reason of Tenant's default, in the event Tenant defaults in the performance of any of its obligations beyond any applicable notice and cure period, Landlord may, at its option (but without any obligation so to do), do all things as it deems necessary and appropriate to cure the default, perform for Tenant any obligation which Tenant is obligated to perform but has not performed, and expend such sums as may be required. All costs and expenses so incurred by Landlord, whether taken from Tenant's security deposit or otherwise, shall be due and payable to Landlord immediately upon demand, together with interest at the rate of 10% per annum or, if less, the highest legal rate, from the date that the costs and expenses were incurred until the same are paid to Landlord.

**18.4 Jury Waiver.** Landlord and Tenant each waives trial by jury in any action, proceeding or counterclaim brought by either of them against the other on any matter arising out of or in connection with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises and/or any claim of injury or damage.

**1. ASSIGNMENT AND SUBLETTING.** Tenant shall not, without Landlord's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed, assign this Lease in whole or in part or sublet any part or all of the Premises. For purposes of this Lease, any transfer of beneficial interests in Tenant or combination of transfers that effect in change of control of Tenant shall be deemed an assignment of this Lease. No assignment of this Lease or subletting of the Premises shall be deemed to release Tenant from any of its obligations under this Lease, nor shall any assignment or subletting be construed as permitting any further assignment or subletting except in accordance with this Section 19. If Landlord fails to respond to Tenant's request for assignment or subletting within ten (10) business days from receipt thereof or receipt of any additional information requested by Landlord in connection with such assignment or subletting, then Tenant shall send a second written notice to Landlord, and if Landlord fails to respond to Tenant's request for assignment or subletting within ten (10) days thereafter, then Landlord shall be deemed to have approved such request. Notwithstanding the foregoing, without Landlord's consent but with prompt written notice, Tenant may assign this Lease or sublease all or a portion of the Premises to (i) an affiliate of Tenant having common ownership or control, in whole or in part, with Tenant, (ii) an entity which acquires all or substantially all of Tenant's assets or ownership interests, or (iii) to an entity in connection with a merger, consolidation, or other corporate reorganization event (each a "Permitted Transfer"), provided that the assignee or sublessee has financial wherewithal sufficient to perform its obligations under this Lease. In the event of a Permitted Transfer, Tenant shall not be released from liability hereunder and the transferee of a Permitted Transfer shall agree to be responsible for the obligations under this Lease from and after the date of such transfer.

2. **SUBORDINATION AND ATTORNMENT.** This Lease and all of Tenant's rights under this Lease are subject and subordinate to all mortgages placed on or affecting the Premises and all renewals, modifications, consolidations, replacements, substitutions, additions and extensions of any of those mortgages and any other mortgage now or in the future affecting the Premises or any interest in the Premises (collectively "Mortgages"). In confirmation of this subordination, Tenant promptly shall execute and deliver any

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subordination agreement that Landlord may request. In the event any proceedings are brought for the foreclosure of any Mortgage, Tenant shall, upon request, attorn to the purchaser or transferee upon foreclosure, and recognize the purchaser or transferee as the Landlord under this Lease to the same extent and effect as the original Landlord. Tenant agrees to execute and deliver upon the request of Landlord, or any purchaser or transferee, any instrument necessary or desirable to evidence this attornment. Tenant waives any right that it may have by law to terminate this Lease or to surrender possession of the Premises by reason of any foreclosure proceeding.

3. **QUIET ENJOYMENT.** Landlord covenants that it has the full right and authority to make this Lease and that if Tenant pays the rent and performs all of the terms of this Lease (subject to any applicable notice and cure provisions), Tenant shall peaceably and quietly enjoy and possess the Premises throughout the term against any party claiming by, through or under Landlord, subject only to the conditions set forth in this Lease.

4. **SUCCESSORS AND ASSIGNS.** The conditions, covenants and agreements in this Lease to be kept and performed by Landlord and Tenant shall bind and inure to the benefit of their (heirs, personal representatives,) successors and assigns, subject, however, to the provisions of Section 19.

5. **PERSONAL PROPERTY.** All trade fixtures, furnishings, equipment and other personal property placed or maintained on the Premises shall be at Tenant's sole risk, and Landlord shall not be liable for any loss or damage to such property from any cause whatsoever.

6. **LANDLORD DEFAULT.** In the event (i) the Premises requires a repair which Landlord is obligated to perform pursuant to Section 13.1 hereof; and (ii) Landlord fails to commence such repair within such period of time as is reasonable under the circumstances following its receipt of notice from Tenant (which may be delivered telephonically); and (iii) Landlord thereafter fails to commence such repair within five (5) business days following delivery of a second notice from Tenant (which may be delivered telephonically), except in the event of an emergency (when such second notice will not be required), then, in the event the failure to repair is materially interfering with Tenant's use of the Premises, then Tenant may perform such repair, and Landlord shall reimburse Tenant for the actual, reasonable costs incurred in connection therewith following Landlord's receipt of paid invoices for such repair work and Landlord's confirmation of the need therefor. In the event Landlord fails to make such payment within thirty (30) days after receipt of a bill substantiating the cost so incurred by Tenant, Tenant may deduct such cost from 50% the Base Rent next falling due, until the total cost incurred by Tenant has been recovered. Notwithstanding the foregoing, in the event Landlord reasonably disputes Tenant's claim for payment within 30 days after Landlord's receipt of Tenant's bill, then Tenant may not deduct or offset such sums from Base Rent until such dispute has been resolved. If Landlord disputes Tenant's claim, Landlord shall provide Tenant with a reasonably detailed statement setting forth the basis for the dispute. Notwithstanding anything contained herein, such right of deduction shall not be binding upon Landlord's mortgagee or anyone claiming title to the Premises by, through, or under such mortgagee unless the mortgagee has agreed in writing to be so bound. In the event of a default by Landlord hereunder beyond any applicable notice and cure period, in addition to the foregoing rights and remedies, Tenant retains all rights and remedies at law or in equity, including the right to bring an action for damages or injunctive relief.

7. **LIABILITY OF LANDLORD.** Tenant agrees to look solely to Landlord's interest in the Property for the recovery of any judgment against Landlord, which may be satisfied only out of the proceeds of sale received upon execution of the judgment against the right, title

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and interest of Landlord in the Property, and neither Landlord nor any of the partners, shareholders, officers, directors or employees of Landlord shall be liable for any deficiency. In no event shall Tenant have the right to levy its execution against any property of Landlord other than its

interest in the Property. In the event of the sale or other transfer of Landlord's interest in the Property, Landlord shall be released from all liability and obligations first arising under this Lease after such sale or other transfer.

8. **WAIVER.** No waiver of any condition or covenant of this Lease by either party shall be deemed to imply or constitute a further waiver of the same or any other condition or covenant, and nothing contained in this Lease shall be construed to be a waiver on the part of Landlord of any right or remedy in law or otherwise.
9. **HOLDING OVER.** Any holding over beyond the expiration of the term of this Lease shall be construed to be a tenancy from month to month at 150% of the monthly rental rate that was paid during the last month of the Lease term, and shall otherwise be on the same terms and conditions as provided in this Lease.
10. **BROKERS.** Landlord and Tenant agree that no brokerage commission or similar compensation is due in connection with this transaction except for the commission due to Jones Lang LaSalle, which shall be paid by Landlord pursuant to a separate agreement. Newmark represents the Tenant and shall be paid by Jones Lang LaSalle. Except as provided in the preceding sentence, each party agrees to indemnify the other against all claims for brokerage commissions or other compensation for services rendered at its instance in connection with this transaction.
11. **SURRENDER.** Upon the expiration or earlier termination of this Lease, Tenant shall surrender to Landlord the Property and the Premises in good condition and repair, ordinary wear and tear since the last repair required by this Lease, damage caused by fire and other casualty or governmental takings excepted. Tenant shall remove all of its equipment, furnishings and personal property from the Property prior to the end of the term of the Lease and any alterations or improvements made by Tenant as removal is requested by Landlord and repair any damage caused by such removal.
12. **SEVERABILITY.** If any provision of this Lease or its application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.
13. **NOTICES.** All notices to be given to either party shall be deemed given if made in writing and sent by e-mail, deposited in the United States certified mail, postage prepaid, return receipt requested, or if sent by a nationally recognized overnight courier service, and addressed to the parties at the following addresses:

Landlord's Address: XXXXX

Attn: XXXXX

E-mail: XXXXX

Tenant's Address: XXXXX

Attn: XXXXX

E-mail: XXXXX

Either party may change its notice address by giving notice to the other in the foregoing manner. The parties agree that any notice sent by email shall not be effective unless the notice is also deposited for overnight delivery with a nationally recognized delivery service (e.g., FedEx,

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(UPS) to the recipient on the same day as the email notice, provided that e-mail alone shall be effective for notices under Sections 2 and 14 hereof. If the email is sent on or prior to 5:00 PM Eastern Time and followed by deposit in overnight delivery on such day, then notice shall be deemed to have occurred on the same day as the email notice. If the email is sent after 5:00 PM Eastern Time, then the notice shall be deemed to have been given on the following day provided that such notice is also sent for overnight delivery as required herein

1. **SIGNS.** Tenant shall not install any signs on the exterior of the Premises without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. If a sign is permitted, Tenant shall maintain the sign in good condition, in accordance with all applicable Laws, and shall be responsible to Landlord for any costs incurred by Landlord in connection with the installation, use or maintenance of the sign. At the expiration or earlier termination of this Lease, Tenant shall remove the signs and shall repair any damage resulting from this removal. Landlord and Tenant shall negotiate in good faith regarding the potential for directional signage outside the boundaries of the Property, subject to the terms of this paragraph.
2. **LANDLORD'S RESERVED RIGHTS.** Without abatement or diminution of rent, and in addition to any other rights reserved in this Lease, Landlord reserves the following rights: (a) to change the street address and/or the name of the Building; (b) intentionally omitted ; (c) to use all or part of the roof or exterior walls of the Building for purposes of performing Landlord's obligations under this Lease; (d) to install, maintain, use, repair or replace within the Premises or the Building pipes, ducts, wire, conduits and other mechanical equipment serving other parts of the

Property; provided that Landlord shall use good faith efforts to minimize interference with Tenant's rights under this Lease, ingress or egress to the Premises, or Tenant's business operations as a result of such actions.

3. **RIGHT OF ENTRY.** Landlord shall have the right to enter the Premises during normal business hours to examine their condition, to make any repairs, show and, during the last six (6) months of the term, to show the Premises to persons interested in purchasing or leasing the same. Except where it is impractical to do so in an emergency situation, Landlord shall give Tenant at least 24 hours' notice before any entry.
4. **ESTOPPEL CERTIFICATE.** Within 10 business days after Tenant's receipt of any written request by Landlord, Tenant shall execute an estoppel certificate to evidence (a) the existence or nonexistence of any default under this Lease by Landlord or Tenant, any amendments to this Lease or prepayments of rentals and (b) such other facts with respect to this Lease as Landlord or any mortgagee may reasonably require.
5. **ENTIRE AGREEMENT.** This Lease contains the entire agreement between the parties and supersedes all prior understandings. No amendment to this Lease shall be valid unless in writing and executed by the party against whom enforcement of the amendment is sought.
6. **CAPTIONS.** The captions of this Lease are for convenience of reference only and shall not be considered in the construction of any provisions of this Lease.

• Signature Pages Follow public or private sales of debt or equity securities;

- stock splits, dividends or changes in dividend policy;
- the establishment of a repurchase program for Hyliion's securities;
- contract awards or cancellations;
- management or control changes;
- employee layoffs;
- a disruption in Hyliion's operations or breach or unauthorized access of its property or assets, including its facilities and information technology infrastructure;
- tender offers or proxy fights;
- accounting restatements;
- litigation or settlements;
- impending bankruptcy;
- gain or loss of a license agreement or other contracts with customers or suppliers;
- product recalls; and
- pricing changes or discount policies.

*When information is considered public*

The prohibition on trading when you have material nonpublic information lifts once that information becomes publicly disseminated. But for information to be considered publicly disseminated, it must be widely disseminated through a press release, a filing with the Securities and Exchange Commission (the "SEC"), or other widely disseminated announcement. Once information is publicly disseminated, it is still necessary to afford the investing public with sufficient time to absorb the information. Generally speaking, information will be considered publicly disseminated for purposes of this policy only after two full trading days have elapsed since the information was publicly disclosed. For example, if we announce material nonpublic information before trading begins on Wednesday, then you may execute a transaction in our securities on Friday; if we announce material nonpublic information after trading ends on Wednesday, then you may execute a transaction in our securities on Monday. Depending on the particular circumstances, Hyliion may determine that a longer waiting period should apply to the release of specific material nonpublic information.

SIGNED as of the date first written above.

**LANDLORD:**

MELINK PROPERTIES LLC, an Ohio limited liability company

By: /s/ Stephen K. Melink

Name: Stephen K. Melink

Title: Managing Partner

STATE OF OHIO )

) SS:

COUNTY OF \_\_\_\_\_ ) Quarterly Trading Blackouts

The foregoing instrument was acknowledged before me To minimize even the appearance of insider trading among our employees, directors and consultants we have established "quarterly trading blackout periods" during which Hyliion directors, Section 16 officers, and certain employees (limited to the VP of Finance, the Director of Reporting and Technical Accounting, and the IR Director ("Designated Employees")) and their Related Persons—regardless of whether they are aware of material nonpublic information or not—may not conduct any trades in Hyliion securities. That means that, except as described in this \_\_\_\_\_ day policy, all Hyliion directors, Section 16 officers, Designated Employees and their Related Persons will be able to trade in Hyliion securities only during limited open trading window periods that generally will begin after two full trading days have elapsed since the public dissemination of April, 2023, by \_\_\_\_\_, \_\_\_\_\_ of Melink Properties LLC, an Ohio limited liability company, on behalf Hyliion's annual or quarterly financial results and end at the beginning of the limited liability company.next quarterly trading blackout period. Of course, even during an open trading window period, you may not (unless an exception applies) conduct any trades in Hyliion securities if you are otherwise in possession of material nonpublic information.

(SEAL)

Notary Public

My commission expires:

For purposes of this policy, each "quarterly trading blackout period" will generally begin at the end of the day that is 10 calendar days before the end of each fiscal quarter and end after two full trading days have elapsed since the public dissemination of Hyliion's financial results for that quarter. Please note that the quarterly trading blackout period may commence early or may be extended if, in the judgment of the Chief Executive Officer, Chief Financial Officer or General Counsel, there exists undisclosed information that would make trades by Hyliion directors, Section 16 officers, and Designated Employees inappropriate. It is important to note that the fact that the quarterly trading blackout period has commenced early or has been extended should be considered material nonpublic information that should not be communicated to any other person.

A Hyliion director, Section 16 officer, or Designated Employee who believes that special circumstances require him or her to trade during a quarterly trading blackout period should consult Hyliion's General Counsel. Permission to trade during a quarterly trading blackout period will be granted only where the circumstances are extenuating, the General Counsel concludes that the person is not in fact aware of any material nonpublic information relating to Hyliion or its securities, and there appears to be no significant risk that the trade may subsequently be questioned.

#### Event-Specific Trading Blackouts

From time to time, an event may occur that is material to Hyliion and is known by only a few directors, officers and/or employees. So long as the event remains material and nonpublic, the persons designated by the Chief Executive Officer, Chief Financial Officer or General Counsel may not trade in Hyliion's securities. In that situation, Hyliion will notify the designated individuals that neither they nor their Related Persons may trade in the Hyliion's securities. The existence of an event-specific trading blackout should also be considered material nonpublic information and should not be

communicated to any other person. Even if you have not been designated as a person who should not trade due to an event-specific trading blackout, you should not trade while aware of material nonpublic information. Exceptions will not be granted during an event-specific trading blackout.

The quarterly and event-driven trading blackouts do not apply to those transactions to which this policy does not apply, as described under the heading "Exceptions to this Policy" below.

#### Exceptions to this Policy

This policy does not apply in the case of the following transactions, except as specifically noted:

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1. **Option Exercises.** This policy does not apply to the exercise of options granted under Hylion's equity compensation plans for cash or, where permitted under the option, by a net exercise transaction with the Company or by delivery to Hylion of already-owned Hylion stock. This policy does, however, apply to any sale of stock as part of a broker-assisted cashless exercise or any other market sale, whether or not for the purpose of generating the cash needed to pay the exercise price or pay taxes.
2. **Tax Withholding Transactions.** This policy does not apply to the surrender of shares directly to Hylion to satisfy tax withholding obligations as a result of the issuance of shares upon vesting or exercise of restricted stock units, options or other equity awards granted under Hylion's equity compensation plans. Of course, any market sale of the stock received upon exercise or vesting of any such equity awards remains subject to all provisions of this policy whether or not for the purpose of generating the cash needed to pay the exercise price or pay taxes.
3. **10b5-1 Automatic Trading Programs.** Under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended ("Exchange Act"), employees, directors and consultants may establish a trading plan under which a broker is instructed to buy and sell Hylion securities based on pre-determined criteria (a "Trading Plan"). So long as a Trading Plan is properly established, purchases and sales of Hylion securities pursuant to that Trading Plan are not subject to this policy. To be properly established, an employee's, director's or consultant's Trading Plan must be established in compliance with the requirements of Rule 10b5-1 of the Exchange Act and the applicable 10b5-1 trading plan guidelines of Hylion at a time when they were unaware of any material nonpublic information relating Hylion and when Hylion was not otherwise in a trading blackout period. Moreover, all Trading Plans must be reviewed and approved by Hylion before being established to confirm that the Trading Plan complies with all pertinent company policies and applicable securities laws.
4. **Gifts.** This policy does not apply to *bona fide* gifts of Hylion securities that have been pre-cleared by Hylion's Chief Financial Officer or General Counsel or his, her, or their designee. Whether a gift is truly *bona fide* will depend on the facts and circumstances surrounding each gift. Pre-clearance must be obtained at least two business days in advance of the proposed gift, and pre-cleared gifts not completed within five business days will require new pre-clearance. Hylion may choose to shorten this period.
5. **401(k) Plan.** This policy does not apply to purchases of Hylion's securities in Hylion's 401(k) plan resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election. This policy does apply, however, to certain elections you may make under the 401(k) plan, including: (a) an election to increase or decrease the percentage of your periodic contributions that will be

allocated to Hyliion stock within your investment portfolio; (b) an election to make an intra-plan transfer of an existing account balance into or out of Hyliion stock; (c) an election to borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Hyliion stock; and (d) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to Hyliion stock.

## Special and Prohibited Transactions

- 1. Inherently Speculative Transactions.** No Hyliion employee, director or consultant may engage in short sales, transactions in put options, call options or other derivative securities on an exchange or in any other organized market, or in any other inherently speculative transactions with respect to Hyliion's stock.
- 2. Hedging Transactions.** Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit a Hyliion employee, director or consultant to continue to own Hyliion's securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the Hyliion employee, director or consultant may no longer have the same objectives as Hyliion's other shareholders. Therefore, Hyliion employees, directors and consultants are prohibited from engaging in any such transactions.
- 3. Margin Accounts and Pledged Securities.** Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Hyliion's securities, Hyliion employees, directors and consultants are prohibited from holding Company Securities in a margin account or otherwise pledging Hyliion's securities as collateral for a loan.
- 4. Standing and Limit Orders.** Standing and limit orders (except standing and limit orders under approved Trading Plans, as discussed above) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when a Hyliion employee, director or consultant is in possession of material nonpublic information. Hyliion therefore discourages placing standing or limit orders on Hyliion's securities. If a person subject to this policy determines that they must use a standing order or limit order (other than under an approved Trading Plan as discussed above), the order should be limited to short duration and the person using such standing order or limit order is required to cancel such instructions immediately in the event restrictions are imposed on their ability to trade pursuant to the "Quarterly Trading Blackouts" and "Event-Specific Trading Blackouts" provisions above.

## Pre-Clearance and Advance Notice of Transactions

In addition to the requirements above, officers, directors and other applicable members of management who have been notified that they are subject to pre-clearance requirements face a further restriction: Even during an open trading window, they may not engage in any transaction in Hyliion's securities without first obtaining pre-clearance of the transaction from Hyliion's Chief Financial Officer or General Counsel or his, her, or their designee at least two business days in advance of the proposed transaction. The Chief Financial Officer, General Counsel or his, her or their designee will then determine

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whether the transaction may proceed and, if so, will direct the Compliance Coordinator to help comply with any required reporting requirements under Section 16(a) of the Exchange Act. Pre-cleared transactions not completed within five business days will require new pre-clearance. Hyliion may choose to shorten this period.

Persons subject to pre-clearance must also give advance notice of their plans to exercise an outstanding stock option to the Compliance Coordinator, General Counsel or Chief Financial Officer. Once any transaction takes place, the officer, director or applicable member of management

must immediately notify the Compliance Coordinator and any other individuals identified by the General Counsel or Compliance Coordinator so that Hyliion may assist in any Section 16 reporting obligations.

In addition, all gifts by directors and Section 16 officers must be reported for Section 16 purposes, and dispositions of securities by gifts must be reported on Form 4 no later than two business days after the gift is made. Accordingly, all intended gifts of securities by directors or Section 16 officers must be pre-cleared as described above and reported to the Compliance Coordinator no later than the gift date.

#### Short-Swing Trading, Control Stock and Section 16 Reports

Officers and directors subject to the reporting obligations under Section 16 of the Exchange Act should take care to avoid short-swing transactions (within the meaning of Section 16(b) of the Exchange Act) and the restrictions on sales by control persons (Rule 144 under the Securities Act of 1933, as amended), and should file all appropriate Section 16(a) reports (Forms 3, 4 and 5) and any notices of sale required by Rule 144.

#### Prohibition of Trading During Pension Plan Blackouts

No director or executive officer of Hyliion may, directly or indirectly, purchase, sell or otherwise transfer any equity security of Hyliion (other than an exempt security) during any "blackout period" (as defined in Regulation BTR under the Exchange Act) if a director or executive officer acquires or previously acquired such equity security in connection with his or her service or employment as a director or executive officer. This prohibition does not apply to any transactions that are specifically exempted, including, but not limited to, purchases or sales of Hyliion's securities made pursuant to, and in compliance with, a Trading Plan; compensatory grants or awards of equity securities pursuant to a plan that, by its terms, permits executive officers and directors to receive automatic grants or awards and specifies the terms of the grants and awards; or acquisitions or dispositions of equity securities involving a bona fide gift or by will or the laws of descent or pursuant to a domestic relations order. Hyliion will notify each director and executive officer of any blackout periods in accordance with the provisions of Regulation BTR. Because Regulation BTR is very complex, no director or executive officer of Hyliion should engage in any transactions in Hyliion's securities, even if believed to be exempt from Regulation BTR, without first consulting with the General Counsel.

#### Policy's Duration

This policy continues to apply to your transactions in Hyliion's securities or the securities of other public companies engaged in business transactions with Hyliion even after your relationship with Hyliion has ended. If you are aware of material nonpublic information when your relationship with Hyliion ends, you may not trade Hyliion's securities or the securities of other applicable companies until the material nonpublic information has been publicly disseminated or is no longer material. Further, if you leave Hyliion during a trading blackout period, then you may not trade Hyliion's securities or the securities of other applicable companies until the trading blackout period has ended.

#### Individual Responsibility

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Persons subject to this policy have ethical and legal obligations to maintain the confidentiality of information about Hyliion and to not engage in transactions in Hyliion's securities while aware of material nonpublic information. Each individual is responsible for making sure that he or she complies with this policy, and that any family member, household member or other person or entity whose transactions are subject to this policy, as discussed under the heading "Persons Subject to this Policy" above, also comply with this policy. In all cases, the responsibility for determining whether an individual is aware of material nonpublic information rests with that individual, and any action on the part of Hyliion or any employee or director of Hyliion pursuant to this policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by Hyliion for any conduct prohibited by this policy or applicable securities laws. See "Penalties" below.

#### Penalties

Anyone who engages in insider trading or otherwise violates this policy may be subject to both civil liability and criminal penalties. Violators also risk disciplinary action by Hyliion, including termination of employment. Anyone who has questions about this policy should contact their own attorney or Hyliion's General Counsel, at [jose.oxholm@hyliion.com](mailto:jose.oxholm@hyliion.com). Please also see Frequently Asked Questions, which are attached as **Exhibit A**.

## Amendments

Hyliion is committed to continuously reviewing and updating its policies and procedures. Hyliion therefore reserves the right to amend, alter or terminate this policy at any time and for any reason. A current copy of the Hyliion's policies regarding insider trading may be obtained by contacting Hyliion's General Counsel, at [jose.oxholm@hyliion.com](mailto:jose.oxholm@hyliion.com).

### Exhibit A

#### Insider Trading Policy

#### Frequently Asked Questions

##### 1. **What is insider trading?**

**A:** Generally speaking, insider trading is the buying or selling of stocks, bonds, futures or other securities by someone who possesses or is otherwise aware of material nonpublic information about the securities or the issuer of the securities. Insider trading also includes trading in derivatives (such as put or call options) where the price is linked to the underlying price of a company's stock. It does not matter whether the decision to buy or sell was influenced by the material nonpublic information, how many shares you buy or sell, or whether it has an effect on the stock price. Bottom line: If you are aware of material nonpublic information about Hyliion or another publicly traded company that Hyliion has business relationships with and you trade in Hyliion's or such other company's securities, you have broken the law.

##### 2. **Why is insider trading illegal?**

**A:** If company insiders are able to use their confidential knowledge to their financial advantage, other investors would not have confidence in the fairness and integrity of the market. This ensures that there is an even playing field by requiring those who are aware of material nonpublic information to refrain from trading.

##### 3. **What is material nonpublic information?**

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**A:** Information is material if it would influence a reasonable investor to buy or sell a stock, bond future or other security. This could mean many things: financial results, potential acquisitions or major contracts to name just a few. Information is nonpublic if it has not yet been publicly disseminated within the meaning of our insider trading policy.

##### 4. **Who can be guilty of insider trading?**

**A:** Anyone who buys or sells a security while aware of material nonpublic information, or provides material nonpublic information that someone else uses to buy or sell a security, may be guilty of insider trading. This applies to all individuals, including officers, directors and others who don't even work at Hyliion. Regardless of who you are, if you know something material about the value of a security that not everyone knows and you trade (or convince someone else to trade) in that security, you may be found guilty of insider trading.

##### 5. **What if I work in a foreign office?**

**A:** The same rules apply to U.S. and foreign employees and consultants. The Securities and Exchange Commission (the U.S. government agency in charge of investor protection) and the Financial Industry Regulatory Authority (a private regulator that oversees U.S. securities exchanges) routinely investigate trading in a

company's securities conducted by individuals and firms based abroad. In addition, as a Hyliion director, employee or consultant, our policies apply to you no matter where you work.

**6. What if I don't buy or sell anything, but I tell someone else material nonpublic information and they buy or sell?**

**A:** That is called "tipping." You are the "tipper" and the other person is called the "tippee." If the tippee buys or sells based on that material nonpublic information, both you and the "tippee" could be found guilty of insider trading. In fact, if you tell family members who tell others and those people then trade on the information, those family members and the "tippee" might be found guilty of insider trading too. To prevent this, you may not discuss material nonpublic information about the company with anyone outside Hyliion, including spouses, family members, friends or business associates (unless the disclosure is made in accordance with Hyliion's policies regarding the protection or authorized external disclosure of information regarding Hyliion). This includes anonymous discussions on the internet about Hyliion or companies with which Hyliion does business.

**7. What if I don't tell them the information itself; I just tell them whether they should buy or sell?**

**A:** That is still tipping, and you can still be responsible for insider trading. You may never recommend to another person that they buy, hold or sell Hyliion's common stock or any derivative security related to Hyliion's common stock, since that could be a form of tipping.

**8. What are the sanctions if I trade on material nonpublic information or tip off someone else?**

**A:** In addition to disciplinary action by Hyliion—which may include termination of employment—you may be liable for civil sanctions for trading on material nonpublic information. The sanctions may include return of any profit made or loss avoided as well as penalties of up to three times any profit made or any loss avoided. Persons found liable for tipping material nonpublic information, even if they did not trade themselves, may be liable for the amount of any profit gained or loss avoided by everyone in the chain of tippees as well as a penalty of up to three times that amount. In addition, anyone convicted of criminal insider trading could face prison and additional fines.

ENANT:

**HYLIION, INC. 9. a Delaware corporation** What is "loss avoided"?

By: /s/ Thomas Healy

Name: Thomas Healy

Title: CEO

STATE OF \_\_\_\_\_ )

) SS:

COUNTY OF \_\_\_\_\_ ) A: If you sell common stock or a related derivative security before negative news is publicly announced, and as a result of the announcement the stock price declines, you have avoided the loss caused by the negative news.

**The foregoing instrument was acknowledged before me this \_\_\_\_\_ day 10. Am I restricted from trading securities of April, 2023, by \_\_\_\_\_, any companies other than Hyliion, for example a customer, supplier, partner, collaborator or competitor of Hyliion, Inc., a Delaware corporation, on behalf of the company. Hyliion?**

**A:** Possibly. U.S. insider trading laws generally restrict everyone aware of material nonpublic information about a company from trading in that company's securities, regardless of whether the person is directly connected with that company, except in limited circumstances. Therefore, if you have material nonpublic information about another company, you should not trade in that company's securities. You should be particularly conscious of this restriction if, through your position at Hyliion, you sometimes obtain sensitive, material information about other companies and their business dealings with Hyliion.

**11. So if I do not trade Hyliion securities when I have material nonpublic information, and I don't "tip" other people, I am in the clear, right?**

**A:** Not necessarily. Even if you do not violate U.S. law, you may still violate our policies. For example, employees and consultants may violate our policies by breaching their confidentiality obligations or by recommending Hyliion stock as an investment, even if these actions do not violate securities laws. Our policies are stricter than the law requires so that we and our employees and consultants can avoid even the appearance of wrongdoing. Therefore, please review the entire policy carefully.

**12. So when can I buy or sell my Hyliion securities?**

**A:** If you are aware of material nonpublic information, you may not buy or sell our common stock until two full trading days have elapsed since the information was publicly disclosed. At that point, the information is considered publicly disseminated for purposes of our insider trading policy. For example, if we announce material nonpublic information before trading begins on Wednesday, then you may execute a transaction in our securities on Friday; if we announce material nonpublic information after trading ends on Wednesday, then you may execute a transaction in our securities on Monday. **Even if you are not aware of any material nonpublic information, you may not trade our common stock during any trading "blackout" period.** Our insider trading policy describes the quarterly trading blackout period, and additional event-driven trading blackout periods may be announced by email.

(SEAL)

Notary Public

My commission expires:

**13. If I have an open order to buy or sell Hyliion securities on the date a blackout period commences, can I leave it to my broker to cancel the open order and avoid executing the trade?**

**A:** No, unless it is in connection with a 10b5-1 trading plan (see Question 27 below). If you have any open orders when a blackout period commences other than in connection with a 10b5-1 trading plan, it is your responsibility to cancel these orders with your broker. If you have an open order and it executes after a blackout period commences not in connection with a 10b5-1 trading plan, you will have violated our insider trading policy and may also have violated insider trading laws.

**14. Am I allowed to trade derivative securities of Hyliion's common stock?**

**A:** No. Under our policies, you may not trade in derivative securities related to our common stock, which include publicly traded call and put options. In addition, under our policies, you may not engage in short selling of our common stock at any time.

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"Derivative securities" are securities other than common stock that are speculative in nature because they permit a person to leverage their investment using a relatively small amount of money. Examples of derivative securities include "put options" and "call options." These are different from employee options and other equity awards granted under our equity compensation plans, which are not derivative securities for purposes of our policy.

"Short selling" is profiting when you expect the price of the stock to decline, and includes transactions in which you borrow stock from a broker, sell it, and eventually buy it back on the market to return the borrowed shares to the broker. Profit is realized if the stock price decreases during the period of borrowing.

**15. Why does Hyliion prohibit trading in derivative securities and short selling?**

**A:** Many companies with volatile stock prices have adopted similar policies because of the temptation it represents to try to benefit from a relatively low-cost method of trading on short-term swings in stock prices, without actually holding the underlying common stock, and encourages speculative trading. We are dedicated to building stockholder value, short selling our common stock conflicts with our values and would not be well-received by our stockholders.

**16. Can I purchase Hyliion securities on margin or hold them in a margin account?**

**A:** Under our policies, you may not purchase our common stock on margin or hold it in a margin account at any time.

"Purchasing on margin" is the use of borrowed money from a brokerage firm to purchase our securities. Holding our securities in a margin account includes holding the securities in an account in which the shares can be sold to pay a loan to the brokerage firm.

**17. Why does Hyliion prohibit me from purchasing Hyliion securities on margin or holding them in a margin account?**

**A:** Margin loans are subject to a margin call whether or not you possess material nonpublic information at the time of the call. If a margin call were to be made at a time when you were aware of material nonpublic information and you could not or did not supply other collateral, you may be liable under insider trading laws because of the sale of the securities (through the margin call). The sale would be attributed to you even though the lender made the ultimate determination to sell. The U.S. Securities and Exchange Commission takes the view that you made the determination to not supply the additional collateral and you are therefore responsible for the sale.

**18. Can I pledge my Hyliion shares as collateral for a personal loan?**

**A:** No. Pledging your shares as collateral for a personal loan could cause the pledgee to transfer your shares during a trading blackout period or when you are otherwise aware of material nonpublic information. As a result, you may not pledge your shares as collateral for a loan.

**19. Can I hedge my ownership position in Hyliion?**

**A:** Hedging or monetization transactions, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds are prohibited by our insider trading policy. Since such hedging transactions allow you to continue to own Hyliion's securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of

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ownership, you may no longer have the same objectives as Hyliion's other shareholders. Therefore, our insider trading policy prohibits you from engaging in any such transactions.

**20. Can I exercise options granted to me under Hyliion's equity compensation plans during a trading blackout period or when I possess material nonpublic information?**

**A:** Yes. You may exercise the options for cash (or via net exercise transaction with the company) and receive shares, but you may not sell the shares (even to pay the exercise price or any taxes due) during a trading blackout period or any time that you are aware of material nonpublic information. To be clear, you may not effect a broker-assisted cashless exercise (these cashless exercise transactions include a market sale) during a trading blackout period or any time that you are aware of material nonpublic information.

**21. Am I subject to trading blackout periods if I am no longer an employee or consultant of Hyliion?**

**A:** It depends. If your employment with Hyliion ends during a trading blackout period, you will be subject to the remainder of that trading blackout period. If your employment with Hyliion ends on a day that the trading window is open, you will not be subject to the next trading blackout period. However, even if you are not

subject to our trading blackout period after you leave Hyliion, you should not trade in Hyliion securities if you are aware of material nonpublic information. That restriction stays with you as long as the information you possess is material and not publicly disseminated within the meaning of our insider trading policy.

**22. Can I gift stock while I possess material nonpublic information or during a trading blackout period?**

**A:** Generally no. Gifts are among the types of transactions subject to our Insider Trading Policy. Accordingly, you generally may not make gifts while in possession of material nonpublic information or, where applicable, during a trading blackout period.

**23. What if I purchased publicly traded options or other derivative securities before I became a Hyliion employee or consultant?**

**A:** The same rules apply as for employee stock options. You may exercise the publicly traded options at any time, but you may not sell the securities during a trading blackout period or at any time that you are aware of material nonpublic information.

**24. May I own shares of a mutual fund that invests in Hyliion?**

**A:** Yes.

**25. Are mutual fund shares holding Hyliion common stock subject to the trading blackout periods?**

**A:** No. You may trade in mutual funds holding Hyliion common stock at any time.

**26. May I use a "routine trading program" or "10b5-1 plan"?**

**A:** Yes, subject to the requirements discussed in our insider trading policy and any 10b5-1 trading plan guidelines. A routine trading program, also known as a 10b5-1 plan, allows you to set up a highly structured program with your stock broker where you specify ahead of time the date, price, and amount of securities to be traded. If you wish to create a 10b5-1 plan, please contact Hyliion's General Counsel at [jose.oxholm@hyliion.com](mailto:jose.oxholm@hyliion.com).

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**27. What happens if I violate our insider trading policy?**

**A:** Violating our policies may result in disciplinary action, which may include termination of your employment or other relationship with Hyliion. In addition, you may be subject to criminal and civil sanctions.

**28. Who should I contact if I have questions about our insider trading policy or specific trades?**

**A:** You should contact our General Counsel at [jose.oxholm@hyliion.com](mailto:jose.oxholm@hyliion.com).

Exhibit 21.1

Subsidiaries of the Registrant  
Hyliion Inc.

State of Incorporation  
Delaware

## CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated **February 13, 2024** **February 25, 2025** with respect to the consolidated financial statements included in the Annual Report of Hyliion Holdings Corp. on Form 10-K for the year ended **December 31, 2023** **December 31, 2024**. We consent to the incorporation by reference of said report in the Registration Statements of Hyliion Holdings Corp. on Form S-8 (File No. 333-251328) **333-251328** and File No. 333-281305 and Form S-3 (File No. 333-249649).

/s/ GRANT THORNTON LLP

Dallas, Texas

February **13, 2024** **25, 2025**

Exhibit EXHIBIT 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION** Certification of Principal Executive Officer 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** of the Sarbanes-Oxley Act of 2002

I, Thomas Healy, certify that:

- (1) I have reviewed this Annual Report on Form 10-K of Hyliion Holdings Corp.;
- (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 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 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: **February 13, 2024** February  
25, 2025

by: **By:** /s/ Thomas Healy

Thomas Healy  
Chief Executive Officer  
(Principal Executive Officer)

**Exhibit EXHIBIT 31.2**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION** Certification of Principal Financial Officer 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** of the Sarbanes-Oxley Act of 2002

I, Jon Panzer, certify that:

(1) I have reviewed this Annual Report on Form 10-K of Hyliion Holdings Corp.;

(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 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 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: **February 13, 2024** February  
25, 2025

by: By: /s/ Jon Panzer

Jon Panzer  
Chief Financial Officer  
(Principal Financial Officer)

**Exhibit EXHIBIT 32.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the Annual Report of Hyliion Holdings Corp. (the "Company") on Form 10-K for the year ended **December 31, 2023** December 31, 2024, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Thomas Healy, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (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 as of, and for, the periods presented in this Report.

/s/ Thomas Healy

Thomas Healy, Chief Executive Officer (Principal Executive Officer)

February **13, 2024** 25, 2025

The foregoing certification is being furnished solely to accompany the report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**Exhibit EXHIBIT 32.2**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the Annual Report of Hyliion Holdings Corp. (the "Company") on Form 10-K for the year ended **December 31, 2023** December 31, 2024, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Jon Panzer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (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 as of, and for the periods presented in this Report.

/s/ Jon Panzer

Jon Panzer, Chief Financial Officer (Principal Financial Officer)

February **13, 2024** 25, 2025

The foregoing certification is being furnished solely to accompany the report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

## Hyliion Holdings Corp.

### Amended and Restated Clawback Policy (adopted November 7, 2023)

#### Introduction

The Board of Directors of the Company (the "Board") believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the "Policy"). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934 (the "Exchange Act"), Exchange Act Rule 10D-1 and NYSE Listed Company Manual Section 303A.14 ("Section 303A.14").

#### Administration

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board or otherwise made in accordance with this Policy, Section 10D of the Exchange Act, Exchange Act Rule 10D-1 and Section 303A.14 shall be final and binding on all affected individuals.

#### Covered Executives

This Policy applies to the Company's current and former Section 16 and executive officers, as determined by the Board to be within the scope of Section 10D of the Exchange Act, Exchange Act Rule 10D-1 and the listing standards of the national securities exchange on which the Company's securities are listed ("Covered Executives").

#### Recoupment: Accounting Restatement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, the Company shall recover reasonably promptly the amount of erroneously awarded Incentive Compensation (as defined below) received by any Covered Executive during the three completed fiscal years immediately preceding the earlier of (a) the date on which the Board or a Board committee, or the officer or officers authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement that is subject to this Policy or (b) the date on which a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement that is subject to this Policy (such three-year period, plus any transition period required under Exchange Act Rule 10D-1 and Section 303A.14, the "Recovery Period").

#### Incentive Compensation

For purposes of this Policy, "Incentive Compensation" means any compensation, including but not limited to any of the following, that is granted, earned, or vested based wholly or in part on the attainment of a financial reporting measure:

- Annual bonuses and other short- and long-term cash incentives.
- Stock options.
- Stock appreciation rights.

- Restricted stock.
- Restricted stock units.
- Performance shares.
- Performance units.

Financial reporting measures are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return ("TSR") are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission (the "SEC"). Examples of financial reporting measures include, but are not limited to:

- Revenues.
- Net income.
- Earnings before interest, taxes, depreciation, and amortization (EBITDA).
- Funds from operations.
- Liquidity measures such as working capital or operating cash flow.
- Return measures such as return on invested capital or return on assets.
- Earnings measures such as earnings per share.
- Non-GAAP financial measures as well other measures, metrics and ratios that are not non-GAAP measures.

#### Excess Incentive Compensation; Amount Subject to Recovery; Receipt

The amount to be recovered will be the excess of the Incentive Compensation received by the Covered Executive during the Recovery Period based on the erroneous data over the Incentive Compensation that would have been received by the Covered Executive had it been based on the restated results, computed without regard to taxes paid.

For Incentive Compensation based on stock price or TSR, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the amount must be based on a reasonable estimate of the effect of the accounting restatement on the stock price or TSR during the period. The Company must maintain documentation regarding its determination of that reasonable estimate and provide such documentation to the national securities exchange on which the Company's securities are listed.

This Policy only applies to Incentive Compensation received by a Covered Executive (a) after beginning service as a Section 16 or executive officer; (b) who served as a Section 16 or executive officer at any time during the performance period for that Incentive Compensation; (c) while the Company has a class of securities listed on a national securities exchange; and (d) during the Recovery Period.

Incentive Compensation shall be deemed to have been "received" by the Covered Executive in the fiscal period during which the financial reporting measure specified in the Incentive Compensation award was attained, even if the payment or grant of that award occurs after the end of that period.

#### Method of Recoupment

The Board will determine, in its sole discretion, the method for recouping erroneously awarded Incentive Compensation hereunder which may include, without limitation:

(a) requiring reimbursement of cash Incentive Compensation previously paid;

2

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(b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;

(c) offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;

- (d) cancelling outstanding vested or unvested equity awards; and/or
- (e) taking any other remedial and recovery action permitted by law, as determined by the Board.

#### No Indemnification

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive Compensation, nor shall it make any payment or provide any reimbursement for the cost of third-party insurance purchased by any Covered Executive to fund potential clawback obligations under this Policy.

#### Interpretation

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy, subject to and unless otherwise provided in this Policy or in Exchange Act Rule 10D-1 and Section 303A.14. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC or any national securities exchange on which the Company's securities are listed.

#### Effective Date

This Policy shall be effective as of the date it is adopted by the Board (the "Effective Date"), but may apply retroactively as contemplated herein and in Section 10D of the Exchange Act, Exchange Act Rule 10D-1, and Section 303.A14.

#### Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary, including as and when it determines that it is legally required by, or to comply with, any federal securities laws, regulations adopted by the SEC, or any rules or standards adopted by a national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time. Notwithstanding anything contrary herein, no amendment or termination of this Policy shall be effective if such amendment or termination would cause the Company to violate any federal securities laws, SEC rules, or rules of any national securities exchange on which the Company's securities are listed.

#### Other Recoupment Rights

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar additional policy adopted by the Company to supplement this Policy, any similar policy in any employment agreement, equity award agreement, or similar agreement, any compensation, incentive, or severance plan or policy and any other remedies at law or in equity available to the Company.

#### Impracticability

The Board shall recover any excess Incentive Compensation in accordance with this Policy unless the conditions set forth in Exchange Act Rule 10D-1 and Section 303A.14 are met, and the Compensation Committee, or in the absence of an independent Compensation Committee, a majority of the independent directors serving on the Board, has made a determination that recovery would be impracticable, in

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accordance with Rule 10D-1 of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed.

#### Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

4

#### DISCLAIMER

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