

REFINITIV

DELTA REPORT

10-K

HYLIION HOLDINGS CORP.

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

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TOTAL DELTAS 3433

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

FORM 10-K

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

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

or

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

For the transition period from _____ to _____

Commission File Number 001-38823



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
Common Stock	HYLN	The New York Stock Exchange
\$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 checked="" 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, 2022** **June 30, 2023**, based upon the closing price of such stock on The New York Stock Exchange on such date of **\$3.22** **\$1.67**, was **\$432 million** **\$245 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 17, 2023** **February 6, 2024**, **179,986,901** **183,208,375** shares of the registrant's common stock, par value \$0.0001 per share, were outstanding.

Portions of the registrant's definitive proxy statement for the **2023** **2024** 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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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.

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Part I

ITEM 1. BUSINESS

Overview

Hylion Holdings Corp. is a Delaware corporation headquartered in Cedar Park, Texas, with research and became a development facilities in Cincinnati, Ohio, and listed on the NYSE, listed company as a result of the merger consummated pursuant that designs and develops power generators for stationary and mobile applications. References to the terms of the Business Combination Agreement, dated June 18, 2020, between Tortoise Acquisition "Company," "Hylion," "we," or "us" in this report refer to Hylion Holdings Corp. and each of its wholly owned subsidiary, unless expressly indicated or the shareholders of Hylion Inc., a Delaware corporation (the "Business Combination") context otherwise requires. The Company was incorporated on November 7, 2018.

Our mission Hylion is committed to be creating innovative solutions that enable clean, flexible and modular electricity production while contributing positively to the leading provider of electrified solutions for the commercial vehicle industry as well as other industries. Our goal is to reduce the carbon intensity and greenhouse gas ("GHC") emissions environment in the transportation sector by providing electrified solutions for Class 8 vehicles that both aim to reduce the cost of operation and promote the usage of existing fueling infrastructure. Our current products and products under development utilize control software, data analytics, battery systems, fully integrated electric motors, and power electronics to produce our electrified powertrain systems.

We currently offer the Hylion Hybrid ("Hybrid") system, which is an electrified powertrain system that augments existing Class 8 semi-trucks and aims to improve vehicle performance or reduce fuel usage, depending on application. The Hybrid system can either be installed on a new vehicle prior to entering service or retrofit onto an existing in-service vehicle. This feature gives our customers the flexibility to continue using their preferred vehicle brands and maintain their existing fleet maintenance and operations strategies.

We began selling the Hybrid system in late 2021 and it has been installed on a variety of our customers' commercial vehicles, utilizing multiple original equipment manufacturer ("OEM") platforms. Our Hybrid system deployments are with innovative fleets in the transportation and logistics sector and include a variety of duty cycles, use cases and geographical regions. A common application is to install the Hybrid system on a compressed natural gas ("CNG")-powered truck with a conventional drivetrain. The Hybrid system aims to improve performance by giving a power boost to the CNG drivetrain when needed, along with regenerative braking and an optional fully electric auxiliary power system. Across these customer installations, and over the entire Hylion fleet, we have accumulated millions of real-world road miles on Class 8 semi-trucks.

We also plan to offer the Hypertruck ERX powertrain platform ("Hypertruck ERX system"), which is a complete electrified powertrain system leveraging an onboard CNG-fueled generator to supplement battery range to transform an OEM platform into a range-extended electric vehicle ("REEV"). Both solutions aim to support our customers' pursuit of sustainability and financial goals by reducing GHG emissions and operating costs while utilizing existing fueling infrastructure. We plan to begin commercialization of the Hypertruck ERX system in late 2023 and our first application will be deployed on a Class 8 Peterbilt 579 sleeper semi-truck.

The Hypertruck ERX system leverages the experience and operating data from our Hybrid system to offer a solution to replace the traditional diesel or CNG powertrain installed in new vehicles. Its onboard CNG generator functions as an electric range-extender, addressing the market need of having a fully electric drive truck that can travel long distance between refuels without relying on a broadly-distributed and reliable electric recharging network, as battery electric vehicles ("BEVs") do. The system's batteries are recharged by the onboard CNG generator, which when fueled by renewable natural gas ("RNG"), can offer commercial vehicle owners a net-carbon-negative-capable electrified powertrain option.

We believe CNG/RNG is the appropriate fuel source today, as it is cleaner and less expensive than diesel and broadly available. Over time, other fuels are expected to become available in the future to reduce emissions, including hydrogen. Therefore, we have showcased a multistage roadmap that starts with utilizing a CNG/RNG generator and evolves into offering hydrogen-based solutions as well. The control software driving the Hypertruck system is designed to be easily adaptable to different fuel and generator types in accordance with customer and regulatory requirements, thereby reducing future capital investment and time to market.

For long-haul trucking, an electric powertrain with a CNG-fueled range extender generator is preferable today to a pure BEV due to both the comparable cost of fuels and existing availability of CNG fueling infrastructure compared to electric battery charging infrastructure. Class 8 semi-trucks can currently be refueled with CNG through an existing, geographically diverse, public and truck-accessible network of natural gas refueling stations established across North America. Globally, RNG, CNG and liquified natural gas ("LNG") are also used widely used for land-based transport and trucking. We therefore believe there is a greater opportunity for more rapid adoption of our electrified powertrain solutions across the U.S., Europe, and other countries compared to pure electric solutions, because of the extended range available between refueling events and due to the greater availability of refueling infrastructure compared to other electrified solutions.

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 ("KARNO generator"). The KARNO generator is a fuel-agnostic power generation solution, enabled by additive manufacturing, that leverages a linear heat engine to generate electricity with significant improvements in efficiency, emissions and cost compared to conventional generators. The Company's primary focus is to provide distributed power generators that operate on various fuel sources to future-proof for an ever-changing energy economy. Hyliion 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 waste fuels such as landfill and flare gas. In the future, the Company plans to scale up its generator solution to address larger utility-scale power needs and to develop variants for household use and mobile applications such as vehicles and marine. Additionally, the generator technology is well-suited to provide combined heat and power ("CHP") in various stationary applications.

Strategic Business Developments

During the third quarter of fiscal year 2023 and prior, Hyliion offered the Hyliion Hybrid system ("Hybrid"), 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 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 of its Hypertruck ERX powertrain platform ("Hypertruck ERX"), a complete electrified powertrain system 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 Hyliion) 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 Hyliion, 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 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 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.

Hyliion 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 Hyliion no longer plans to recognize revenue on, the Hypertruck Fuel Cell prototype truck that Hyliion 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. Hyliion believes that localized grid generation will become an increasing part of the solution to these challenges.

Hyliion 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 mitigating the financial impact of peaking charges and rates by supplementing grid power during peak consumption periods.

- **Backup Power:** The market 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 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 the KARNO generator which is particularly attractive for its low level of emissions and low noise level while in operation. The KARNO generator is expected 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 the KARNO generator including expansion of production capacity 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 to develop KARNO generators of different sizes and configurations to capitalize on KARNO's unique advantages and extend these advantages across a broader range of market opportunities.

Products and Services

KARNO Generator System

The KARNO generator emerged out of GE's long-running R&D research and development investments in aerospace engines and metal additive manufacturing across multiple industries and in areas such as generator thermal and performance design. Initial We initially envisioned utilizing the KARNO generator as new range-extending power source for the Hypertruck powertrain system, given its ability to operate on a wide range of fuel sources, including natural gas and hydrogen. We believe that the unique capabilities of the KARNO generator will also make it competitive in the stationary power market, competing favorably against conventional electrical generating systems and opening up potential new markets to enhance grid power availability and reliability. The KARNO generator technology, including the technology that was acquired from GE 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, indicates 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, the KARNO generator harnesses the power of a heat engine to propel a linear generating system. This innovative generator derives its linear motion from temperature differences inside the engine. The generation of heat within the system occurs through flameless oxidation of fuels, like natural gas, hydrogen, or propane. This thermal energy causes helium gas enclosed within a sealed cylinder to expand, thereby propelling linear motion in a connected piston-shaft system which includes a sequence of permanent magnets situated on the shaft passing through electrical coils. Subsequently, the counter-motion 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 long as heat is supplied to the generator.

Linear generators present several advantages over conventional generators, with key benefits including reduced maintenance, attributable to their simplified design with few moving parts. Additionally, they can exhibit 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.

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

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 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%, calculated by considering the usable output power in relation to the energy from the fuel source. High efficiency is expected to remain 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 incur transmission and distribution losses between 5% and 10% which the KARNO generator can circumvent by being strategically located near the point of power consumption.

Conventional generators emit pollutants as a result of incomplete combustion of fuel-air mixtures, with the formation of nitrous-oxide 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 fuel oxidation at lower temperatures than internal combustion engines and extended burn times. This is achieved partly through the recirculation of exhaust gases, which serves to prolong combustion duration and by pre-heating incoming air. As a result, the KARNO generator is anticipated to achieve low levels of emissions, with CO₂ and NO_x emissions expected to be reduced by over 95% compared to best-in-class diesel engines and targeting 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 generator), which glides linearly on low friction helium bearings. This innovative design significantly mitigates efficiency losses attributed to friction, enhances the system's operational longevity and eliminates 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.

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, hydrogen and ammonia. Moreover, the generator will be able to seamlessly transition between these fuels or fuel blends, requiring no physical modifications to its flameless oxidation system. This versatility will enable 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 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 make it an ideal system for a variety of conventional and emerging electrical 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 in lower cost of electricity versus conventional generating systems and, in many markets, grid power.
- **Low Maintenance:** With only a single moving part per shaft, the simplicity of the KARNO generator is expected to **comply** reduce both periodic maintenance expenses and expected overhaul costs.
- **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 **emissions standards** some 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.
- **Higher Power Density:** The unique architecture and features of the **California Air Resources Board** KARNO generator that are enabled by advances in additive manufacturing, 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 output of the system.
- **Fast Startup Time:** It is anticipated that the KARNO generator will be able to begin generating electricity from a cold start in approximately 30 to 60 seconds. Additionally, full power can be achieved in a matter of minutes. Conversely, some generating systems, such as solid oxide fuel cells, require a warm-up period of up to 30 minutes.

Production, Assembly, Installation, Suppliers and Distribution

Hylion plans to begin deploying initial KARNO generator BETA units with customers in late 2024 after design and initial testing of 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. Hylion is developing a base of suppliers 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 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.

("CARB") Hylion has purchased state-of-the-art laser sintering machines (3-D additive printers) from GE and the U.S. Environment Protection Agency ("EPA"), even when utilizing conventional fuels. The technology is also expected to achieve a meaningful efficiency improvement over today's conventional internal combustion engine ("ICE") generators and could be more efficient than most available fuel cells. We expect these efficiency improvements to in turn enable fuel cost reductions and improved vehicle range while reducing operating costs. The technology should also provide for significant reductions in noise, vibration, moving parts and maintenance compared to conventional ICE generators. The KARNO generator is expected to be capable of operating with over 20 different fuel types including hydrogen, natural gas, propane, ammonia and conventional fossil fuels. The technology uses heat to drive a sealed linear generator to produce electricity. The heat is produced by reacting fuels through flameless oxidation or by other heat sources including renewables.

We plan to initially release the Hypertruck ERX system, followed by a variant utilizing the fuel-agnostic Hylion KARNO ("KARNO") generator technology ("Hypertruck KARNO"), and a variant equipped with a hydrogen fuel cell generator ("Hypertruck Fuel Cell").

Market Opportunity

Our solutions currently address Class 8 vehicles, with an intent to begin deployments in North America, and then potentially expanding to global markets outside of North America. Based on ACT Research's estimates, the North American Class 8 truck market is expected to average almost 300,000 new units per year between 2023 and 2027. During that time, we expect the regulatory environment to further disincentivize the production and purchase of diesel-powered Class 8 vehicles. Increased costs for diesel-powered Class 8 vehicles along with the fuel to operate them is expected to make electrified alternatives like the Hypertruck ERX system more favorable on a relative total cost of ownership ("TCO") basis. Similarly, we expect fleets to continue to be influenced by customer and other stakeholder demands to reduce emissions from their transportation operations, thus providing an **has secured additional catalyst** to transition to low-emission vehicles in the Class 8 space. We view existing plug-in commercial BEVs and commercial fuel cell electric vehicles ("FCEVs") as unlikely to fulfill the fleet demand created by these factors in the near term, due to their range limitations and dependence on costly and scarce fueling infrastructure.

Current and anticipated regulations at the state and federal level are also expected to create greater demand for cleaner commercial vehicles, including zero emission vehicles ("ZEVs") like BEVs and FCEVs and near-zero emission vehicles ("NZEVs") like the Hypertruck ERX system. For example, CARB has adopted an Advanced Clean Trucks ("ACT") rule that requires heavy-duty vehicle manufacturers to produce and sell in California a certain number of zero-emission vehicles. In addition to California, a growing number of other states follow CARB's regulatory framework and are also adopting ACT. If heavy-duty vehicle manufacturers do not meet the applicable requirements, they will be deemed unable to sell the rest of their portfolio in that state, creating a significant incentive to deploy ZEV and NZEV vehicles that meet the needs of fleet customers. CARB is also considering a fleet-facing zero-emission vehicle mandate called Advanced Clean Fleet ("ACF"), machine capacity which acts in a similar manner to ACT by requiring truck operators to add an increasing percentage of ZEV and NZEV vehicles to their fleets over time. The Hypertruck ERX system provides OEMs 75% credit towards satisfaction of the ACT rule compared to a pure BEV or FCEV. It is also expected under a draft of the CARB ACF regulation that the Hypertruck ERX system will receive 100% credit to fleets towards meeting the fleet purchase obligation.

While the Hypertruck ERX system will initially be deployed on the Class 8 Peterbilt 579 sleeper cab, there is an opportunity to develop and deploy additional applications of the Hypertruck ERX system, including on additional Peterbilt variants, with other OEMs that sell comparable models, and in different Class 8 vehicle types, like refuse vehicles. Additional opportunities for the Hypertruck ERX system also exist in applications that require a high-voltage electric power take-off capability, such as electric reefer trailers and special vocational vehicles that are transitioning from hydraulic to high-voltage accessories.

We expect to launch the Hypertruck KARNO powertrain system approximately a few years after the Hypertruck ERX system due to the extensive testing and certification work expected to be required to commercialize a new vehicle generator. The KARNO generator technology is expected to improve the efficiency of the generator system, while further reducing emissions, noise and vibration as well as improve engine maintenance by virtue of having significantly fewer moving parts versus a traditional CNG or diesel ICE as a power source. As hydrogen fuel becomes more widely available and adopted for Class 8 vehicles, the Hypertruck KARNO powertrain, by virtue of its fuel-agnostic KARNO generator design, will be capable of utilizing hydrogen as its fuel source, as well as over twenty other fuel types.

The KARNO generator technology is also expected to be adaptable for stationary power generation applications, such as for electricity generation for onsite electric vehicle ("EV") charging, select commercial and industrial generation applications, and other market opportunities currently served by the electric grid or other standalone power sources.

Our Technology and Solutions

Our electrified powertrain systems utilize Hyliion-designed control software and data analytics technology to control physically integrated battery systems, electric motors and power electronics. These electrified powertrain platforms can be used to either augment, as in the case of our Hybrid system, or fully replace, as in the case of our Hypertruck platform, conventional powertrains in Class 8 semi-trucks and improve their operational performance. Our solutions are designed to be compatible

with most major Class 8 semi-truck manufacturers and are highly flexible in their digital and physical design, allowing them to be installed on, or adapted to, a variety of vehicles and fuel sources as market and regulatory opportunities allow. This platform-focused strategy reduces capital investment over time and aims to allow for faster time to market for Hyliion powertrain products.

Hybrid Powertrain System

Our Hybrid system can be installed on most major Class 8 semi-trucks to reduce fuel usage in the case of diesel applications and improve performance in the case of CNG applications. Our Hybrid system is comprised of a Hyliion battery system and an associated software management solution, a control module running our software and data analytics, high and low voltage power distribution and a thermal management system. The battery system and controllers can be attached to the frame rail of most major Class 8 semi-trucks, providing potential cost savings in the case of diesel and simplifying installation, and incorporating a custom e-axle solution with associated cooling box to reduce weight and improve system efficiencies. The system is charged by regenerative braking and downhill deceleration and discharged to provide additional horsepower and torque when called upon by our control software, thereby reducing engine load to reduce fuel usage and related GHG emissions or applying additional power to improve vehicle performance. Our Hybrid system's battery power can also be utilized as an auxiliary power unit ("APU") to supply electricity for in-cab devices and air conditioning to reduce or eliminate idling when the driver is "hoteling" in the truck. Based on internal and third-party testing and customer-reported experiences, we believe the benefits of utilizing our Hybrid system compared to conventional diesel or CNG commercial vehicles will reduce fuel usage, emissions, idling and improve performance.

We believe that reduced operating costs, improved driver satisfaction and increased marketability are key decision factors for many fleets in adopting our Hybrid system. Our Hybrid system can also help fleets transition from diesel to natural gas engines as a result of the increased performance the system provides, and because of the cost savings opportunity natural gas provides over diesel. The Hybrid system draws upon the real-world feedback we have received from customers and millions of miles logged by trucks equipped with the Hybrid system.

Hypertruck ERX System

Our Hypertruck ERX system is an electric CNG range extender powertrain that is being designed for integration on most major Class 8 semi-trucks to create a net-carbon-negative-capable REEV, when fueled by RNG. Our Hypertruck ERX system builds upon technical knowledge gained from our Hybrid system. It consists of a battery system, an associated software management and data analytics solution, a range extending electric generator powered by natural gas, an electric-traction drive system, and our Hyliion CoPilot in-cab driver display. The system works by pairing the fully electric powertrain with a battery system that is recharged by the onboard generator and regenerative braking that produces electricity. This system fully replaces the traditional powertrain in Class 8 semi-trucks. The first iteration of Hypertruck ERX system utilizes a battery system capable of operating up to 75 miles on battery-only power depending on factors including driver behavior, which qualifies it for 3% of a ZEV credit under CARB's ACT regulation.

Our Hypertruck ERX system combines the performance of fully electric powertrains with the refueling efficiency of conventionally-fueled vehicles. We estimate that it may be less expensive to run our onboard generator to produce electricity than recharging a BEV from the grid, depending on the cost of natural gas and electricity in different markets. Today's market price for CNG and RNG is more stable than diesel, and natural gas often costs much less than diesel on an equivalent-gallon basis. By using onboard electricity generation rather than a large battery pack, our Hypertruck ERX system provides an extended range of operation compared to commercial BEVs.

We believe the benefits of our Hypertruck ERX system compared to competing technologies may include:

- a powertrain system as opposed to a complete vehicle redesign;
- a lower TCO due to favorable CNG/RNG pricing;
- government credits and incentives;

- the potential for net carbon negative operation when fueled with RNG;
- the ability to utilize existing natural gas fueling infrastructure;
- zero tailpipe emissions drive-capability;
- improved operating experience for the driver;
- vehicle range exceeding current competing electrified technologies;
- refueling times similar to diesel trucks; and/or
- data generation and connectivity for next-generation fleet management.

By providing up to 75 miles of all-electric range, the Hypertruck ERX system provides the capability of reducing GHG, pollutants, and noise emissions in communities surrounding trucking infrastructure, like warehouses, ports, rail yards, maintenance facilities and fueling infrastructure.

Depending on the source of natural gas used in its CNG generator, the Hypertruck ERX system can deliver significantly lower emissions than a conventional diesel-powered Class 8 semi-truck. Its electric traction drive provides up to 670 horsepower, in a smooth and seamless delivery, while simultaneously reducing overall noise and vibration levels. The electric motors in the Hypertruck ERX system provide instantaneous torque, with fewer gears and smoother operation than a conventional transmission. These factors combine to dramatically improve the driving experience for the operator, which should help with driver satisfaction and retention.

Hypertruck ERX System Rollout Timeline

In November 2021, we began our Hypertruck ERX system pre-production roadshow, which offered fleet owners and shippers firsthand demonstration of the features and benefits of our electric powertrain system. The roadshow continued throughout 2022 and included "Ride and Drive" events, which provide in-depth product education sessions on how our system operates and enables fleets to decarbonize while reducing total cost of ownership.

Throughout 2022 we made significant progress furthering development and testing of the Hypertruck ERX system and hit several important development milestones on a roadmap that we first laid out in late 2021. We completed assembly of the first verification vehicles early in the year. These vehicles are considerably more advanced than earlier prototypes and were used to begin on-road testing of the latest design along with Ride and Drive events and controlled fleet trials with customers. By the end of 2022, we had completed assembly of verification vehicles and released the design for the 3rd generation Hypertruck ERX system. Another milestone achieved was the successful completion of summer testing. We took four vehicles to Davis Dam in Arizona where they were subjected to rigorous operation, hauling heavy loads up steep grades in temperatures of up to 110 degrees Fahrenheit.

We also deployed verification vehicles into controlled fleet trial operations with customers where the trucks were used in standard freight hauling operations. Fleet trials provide the opportunity for Hylion engineers and technicians to closely monitor vehicle operations and to obtain feedback from drivers on how well the powertrain functions. Late in 2022, we began subjecting verification vehicles to winter testing where we observe system operation in extremely cold conditions to validate component operability, including battery function. Additional winter testing sessions will continue through the early part of 2023. Fleet trials will also continue with additional customers and eventually be advanced to a level where the customer takes over daily operation of the trucks without Hylion engineering technician support, reflecting real-world fleet usage expectations. Through all our testing and trial activities we expect to accumulate up to one million miles of operation prior to reaching the production stage.

Commercialization of the Hypertruck ERX system in 2023 is dependent upon receiving certain vehicle certifications by federal and state regulators. Specifically, CARB requires demonstration that our powertrain and vehicle comply with emissions standards for pollutants and particulate matter and that our on-board diagnostics technology operates reliably and in a manner to detect and diagnose malfunctions with the engine and emissions control systems and to alert the driver to the underlying condition so it can be remedied. Similarly, EPA certification is also required as is approval from the National Highway Traffic Safety Administration for the overall safe operation of the truck and powertrain. See *Government Regulations* section for additional details.

There have been ongoing parts shortages in the transportation industry supply chain including semiconductors and other key components. These supply chain challenges have been especially prominent in the trucking industry, and one of the impacts has been significantly extended lead times for ordering new trucks. Fleets are experiencing lead times on new truck purchases that extend delivery out into 2023. We are securing build slots with Peterbilt for all chassis needed for the 2023 calendar year to mitigate future potential supply chain impacts to our Hypertruck ERX system development schedule. We continue to work closely with our current supply base to improve delivery of components for the quarters ahead and are diligently seeking alternative sources of supply for components that meet our technical specifications with shorter lead times.

CNG and RNG as a Fuel

Our Hypertruck ERX system will leverage an existing cross-country CNG fueling network. In the continental United States, there are approximately 700 public and 400 private CNG fueling stations in operation for Class 8 semi-trucks. These stations are geographically dispersed enabling nation-wide fleet operations without a significant infrastructure buildout. Furthermore, our Hypertruck ERX system can be refueled using a "fast-fill" method which is comparable to diesel truck refueling time. Internationally, CNG infrastructure is even more prevalent due to government mandates requiring reduced carbon emissions from transportation. Additionally, we believe that the necessary heavy-duty infrastructure exists that would support near-term adoption of our Hypertruck ERX system. The ability to utilize existing CNG fueling infrastructure eliminates an important

barrier to Hypertruck ERX system adoption, in contrast to Class 8 BEVs and FCEVs, which currently lack the electric charging and hydrogen fueling infrastructure needed for widespread adoption of those technologies.

Use of RNG is much cleaner for the environment than most other fuel sources. It is generated by capturing methane from landfills, livestock operations such as dairies, wastewater treatment and other sources or through anaerobic digestion and processing of food and animal waste streams. Depending on the source, RNG can have a significantly negative carbon intensity score as these methane sources would otherwise be emitted as pollution into the atmosphere. RNG is injected into existing natural gas pipelines and the delivery to

fuels is enabled through credits. Use of RNG to fuel the Hypertruck ERX system can enable our customers to achieve a net carbon negative emissions profile for their transportation operations, depending on the region of operation.

RNG is widely available today through all 700 existing natural gas stations and new sources are in development. Approximately 64% of natural gas sold at fueling stations in 2021 was credited towards RNG projects with usage growing 134% over the five years ending 2021, according to the Coalition for Renewable Natural Gas. Also in 2021, 250 RNG production facilities were in operation, 112 were under construction and another 125 were in project development.

Generator and Fuel Agnostic

Although our initial Hypertruck platform application, the Hypertruck ERX system, will be powered by a CNG fueled generator, it is designed to flexibly accommodate different generator and fuel system types in future applications. In addition to a natural gas ICE, other potential generator options include the Hyliion KARNO generator and hydrogen fuel cells. Any available electricity source can be used to recharge the battery of the electric powertrain system, although control systems and software may need to be modified to adapt to different generators, fuels, and electrical power sources. Our objective is to enable Hypertruck customers to choose their preferred charging system and fuel source based on different priorities, including fuel cost and availability and emissions objectives. By designing our system in this manner, we expect to be able delivered in 2024 and early 2025 to quickly adapt support early generator production and deliveries. Hyliion currently plans to changing technologies, emissions goals, fuel sources, regulatory requirements, and customer preferences without needing to redesign the underlying Hypertruck powertrain platform.

Software, Data Analytics and Computing

Hyliion's proprietary software and control systems are the foundation of the Hypertruck platform, linking the print all key generator source, battery and battery systems, electric drive motors and driver interface into a seamless electric powertrain that is customizable, adaptable, and configurable. Beginning with the Hybrid components in-house for early system Hyliion gained critical knowledge and experience deployments in developing control software, powertrain algorithms, systems management capabilities, and cloud integration, which fed into the design of the Hypertruck platform.

Our software and algorithms seek order to optimize production parameters, component quality, printing innovation and system throughput.

The standalone generator set, or genset system, includes the fuel economy and performance of our powertrain KARNO generator along with an enclosure that houses key balance-of-plant elements such as the cooling system, by controlling efficient generator operation points and the charging and discharging of the controls, a battery system and high voltage electrical components. Prior to power shipment, the electric motor entire stationary genset system will undergo rigorous testing to validate performance. Initial deployments of BETA units will further help validate genset system quality, performance and electronics. Our software reliability before commercial ramp-up of production and control algorithms can sales. Hyliion technicians will be available to support installation and monitoring of system performance, aided by the ability to remotely updated over the air to enable our customers to benefit from the latest features and functionalities, minimizing unnecessary downtime. This cloud-connected capability also provides the data sources for future features, without fundamentally changing the hardware of the monitor critical system which could otherwise require large amounts of capital and resources. As demonstrated with the Hybrid system, Hyliion has developed different applications that solve different customer problems. Beyond adjusting for different applications on the same vehicle platform type, we expect this software design philosophy to also ease the Hypertruck platform's transition to entirely different vehicle platform types, parameters.

We have begun printing the potential to develop value-added software services based on the insights gathered on our vehicles. This includes cloud-accessed insights into powertrain performance, maintenance, and other logistics and fleet management services. It also allows for fleet-level customization of powertrain features and performance, without physically touching the vehicle or changing its hardware.

A critical component of our system is the Hyliion CoPilot, which runs on our in-cab display and provides real-time vehicle performance, status metrics, and driving feedback to the vehicle operator. We have also developed proprietary in-vehicle computing capabilities, in the form first BETA units of the Hyliion Control Unit ("HCU") KARNO generator at our facility in Cincinnati, Ohio and Hyliion Drive Processor ("HDP"). These two units form the core of the Hypertruck computing platform, and are easily adapted to future product iterations and platforms.

Challenges with Other Solutions

With a global focus on reducing the environmental impact of commercial transportation, several companies have begun developing solutions to lower GHG emissions from commercial vehicles, including plug-in commercial BEVs and commercial FCEVs. However, neither of these solutions have been delivered in volume for the high mileage regional and long-haul Class 8 semi-truck markets. While we do see market opportunities for these solutions, we believe they will face unique challenges achieving widespread adoption in the near term, which may include:

- limited availability of such commercial vehicles or solutions;
- a higher TCO relative to currently-available diesel or CNG commercial vehicles;
- limited availability and capacity of electric charging and hydrogen fueling infrastructure;
- higher lifecycle GHG emissions from the fuel sources used to generate electricity needed to recharge batteries or produce hydrogen and the emissions associated with the production of the battery cells;
- the need or choice to completely redesign the commercial vehicle to implement the solution;
- limited range on a single charge or fueling;
- longer recharging or refueling times compared to diesel and natural gas-fueled vehicles;
- the need to change customers' existing fleet operations to accommodate new truck technologies, including procurement, dispatch, maintenance, repair, and driver training; and
- performance challenges in cold weather.

Strategy

Our mission is to be the leading provider of electrified solutions for the commercial vehicle industry. Our value proposition to our customers includes reducing GHG emissions, operating cost savings, improved truck performance, and the ability to utilize existing infrastructure for fueling. We anticipate that our capital resources and efforts in the near future will continue to focus on the development and commercialization of our drivetrain solutions.

Maintaining Technology Leadership and First-Mover Advantage

Our Hybrid system is currently being sold, and we are one of the first to the market with an electric powertrain solution for long-haul Class 8 semi-trucks. The software and the algorithms driving our Hybrid system have been utilized in millions of real-world road miles and experience with the Hybrid product is being used to drive continuous improvements in the system management software and our overall knowledge of electric drivetrain operations. We expect to capture market share complete assembly and testing of deployments units in 2024 at that facility. We also plan to begin acquiring additive printing capacity for low 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 zero-emission commercial vehicles by being one assembly functions including the printing, manufacturing and assembly of specific components or the first to market with a carbon-negative-capability powertrain and by offering a range-extending power entire generator to help bridge the industry from fossil-fuel-powered trucks to full electric vehicles over time, third parties.

We believe that decarbonizing long-distance Class 8 trucking through electrification will be a process that occurs over time as reliable sources of clean, renewable electricity are developed along with the transmission and distribution networks that support a widely available and fast electric vehicle charging network. In the same manner, the use of hydrogen as a transportation fuel will depend upon the development of new sources of supply that don't themselves contribute to GHG emissions and a fueling and distribution network that does not exist today. Therefore, we believe that an electric range-extender powertrain system, such as the Hypertruck ERX system, will be needed as a transition technology to reduce GHG, nitrogen oxides and particulate matter emissions, while offering all-electric range, improved operating performance and TCO savings. By launching the Hypertruck ERX system, followed by the Hypertruck KARNO system, and a Hypertruck fuel cell truck, we will help drive an industry transition to clean transportation in a manner that is most likely to be successful.

Focusing on Powertrains

Our electrified powertrain solutions are designed to be installed on most Class 8 semi-trucks. By focusing on the powertrain and its associated components, rather than the full vehicle, we obtain advantages as a new entrant in the Class 8 truck market. First, our innovative efforts focus on the vehicle components that drive the greatest improvement in economic and environmental benefits towards decarbonizing transportation. Second, our approach allows us to remain capital-light and use our resources more efficiently to develop software and engineered solutions to powertrain development, while leaving most component production and major vehicle design and assembly work with existing suppliers and truck OEMs.

Leveraging Existing Infrastructure

Our customers will be able to utilize an existing network of approximately 700 CNG fueling stations across the United States, which will help accelerate adoption of our Hypertruck ERX system. Utilizing CNG allows for electrified Class 8 semi-truck solutions like the Hypertruck ERX system to grow without substantial new infrastructure. This is in contrast with BEV trucks, where broader availability of electric charging stations will require significant investment and long lead times, driven in part by the uncertain availability and cost of electric power as charging demand for passenger vehicles and electric trucks grows. By utilizing existing commercial natural gas fueling infrastructure, we believe our customers can achieve low GHG emissions, when utilizing CNG, or carbon-negative status, when utilizing RNG. While hydrogen sources and refueling stations are also in development, there are few options available today for local, regional or long-haul truck transportation. Therefore, it is likely that significant additional investment and time will be required before hydrogen is a feasible fuel source for Class 8 trucks.

Continuing to Build and Leverage Strategic Relationships

We have and intend to continue developing partnerships with suppliers, truck OEMs, fuel and maintenance service providers, truck upfitting operators, engineering firms, consultants and others to accelerate the development and production of our solutions. These partners augment our internal resources and initial deployment phase, we intend to leverage their capabilities collaborate closely with customers, identifying a broad range of use cases and infrastructure to bring our solutions to market more quickly and to meet industry standards without requiring us to invest additional capital to internalize functions or services that are more easily outsourced. We are planning to develop agreements with one or more maintenance service providers and fueling partners to ensure that our powertrain systems are fully supported in the field once commercial production begins and so our customers have access to CNG/RNG and attractive prices in the marketplace.

Customer Demand

We began selling the Hybrid system in the fourth quarter of 2021. Throughout 2022, we delivered Hybrid systems to fleets across the country, utilizing vehicle platforms from multiple OEMs. Despite these successes, we were unable to fulfill all Hybrid system orders that we obtained from customers due to ongoing supply chain disruptions and the limited ability of our customers to incur the downtime with their existing truck fleets to complete the Hybrid system installation. Delivery of Hybrid systems in 2023 is expected to continue on a pace consistent with the rate of deliveries in 2022. Commercialization of the Hypertruck ERX system late in 2023 is expected to divert customer interest from our Hybrid product to the Hypertruck ERX system. In addition, we continually assess the potential demand impact improvement opportunities for the Hybrid system offering in light of recent changes within the competitive landscape.

In 2021, we announced our Hypertruck Innovation Council, which consists of some of the largest fleets in the industry, who have assisted us with the development of the Hypertruck ERX system and will have been among the first to experience the performance of the system through our "Ride and Drive" events. These events and fleet trials delivered positive feedback from customers' drivers, and generated further interest in the Hypertruck ERX system.

In 2022 we secured deposit-backed orders from eleven fleet customers for our first 210 production slots for the Hypertruck ERX system. These trucks are all expected to be delivered to customers by the end of the first quarter of 2024 and will be deployed in what we are calling our Founders Program. The Founders Program will feature white-glove service and support from a launch facility in the Dallas area. Recognizing that the Hypertruck ERX system is a new product, we plan to ensure that it is well supported through drivetrain warranty protection and the ability to quickly resolve hardware and software problems or address operator questions and issues as they arise.

We will use the launch facility as a location to centralize our maintenance and service operations and to train electric drive train technicians, both our own and those of our service partners. We also expect to offer fueling support to make it convenient for fleets to fill up on renewable natural gas. The fleet support capabilities being offered by the Founders Program will be beneficial as we look to grow our order book with new customers and support a larger number of our systems on the road.

We expect that the steps we are taking to complete development, testing and certification of the Hypertruck ERX system, along with additional customer fleet trials and a successful commercialization and launch of the Founders Program, will be an inflection point for additional orders. As these milestones are achieved, we will continue to grow our order backlog for delivery of trucks with Hypertruck ERX system in 2024 and beyond.

Production, Assembly and Installation

Our long-term strategy is to be a powertrain company, and we expect to sell our solutions directly to truck OEMs for them to integrate into their production lines. However, as we launch production we plan to source incomplete chassis from the OEM and then utilize our facility in Austin, Texas and/or modification and upfitting centers that are close to OEM factories to install our Hypertruck ERX system. Initial incomplete chassis will include the natural gas engine but not certain components like the transmission, driveshaft and diesel fuel tanks. We intend to primarily outsource the production, assembly and installation of our electrified powertrain systems to assembly partners as we reach a greater level of production volume, while maintaining in-house research, development and prototyping capabilities, including low-volume assembly and installation.

The initial production version of the Hypertruck ERX system will utilize a Peterbilt 579 truck in sleeper configuration. KARNO generator. Over time, we expect to utilize additional OEM platforms in different configurations.

Sales and Marketing

We currently market and sell our electrified powertrain solutions domestically through a direct sales organization and with certain partners to Class 8 semi-truck fleet owners and operators. We also expect to market and sell our electrified powertrain solutions internationally at some point in the future. We use digital marketing strategies to build awareness will consider options for the Hyliion brand, the in-market Hybrid offering and the development journey of the Hypertruck ERX system. Events and in-person activations, particularly those that allow prospective customers to physically interact with integrating our products often lead to positive results in an industry that is relationship-based into existing sales and focused on "trying before they buy."

The Inflation Reduction Act of 2022 was signed into law in August 2022, under which the Hypertruck ERX system will qualify fleets to receive a 30% tax credit up to \$40,000 per vehicle adopted. We expect this to drive further interest in distribution channels and demand for the Hypertruck ERX system forging partnerships with established manufacturers, vendors, developers and other products. distributors.

Research and Development

Our research and development activities primarily take place at our headquarters in Cedar Park, Texas and our facility in West Chester, Ohio, on our testing and demonstration vehicles on roads and highways, and at our partners' facilities, Cincinnati, Ohio. Our research and development is primarily focused on:

- electrified powertrain development and system integration;
- control software and algorithms for our powertrain systems;
- next generation packaging and cooling for our battery systems;
- interoperability with third-party powertrain components, such as e-motors, inverters and axles;
- component integration;
- development of the KARNO generator including testing and validation;
- integration of the KARNO generator technology into the Hypertruck system; 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.

The majority of our current activities are focused on the research and development of our electrified powertrain systems, third-party component integration and the underlying proprietary battery and software technology platforms. KARNO generator. We undertake significant testing and validation of our products and components to ensure that they will meet the demands of our customers.

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, 2022 December 31, 2023, we had 47 56 issued U.S. patents, and 51 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 the remainder, which primarily relate to powertrain technology, retained 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, 2022 December 31, 2023, we had three registered and seven pending trademarks in the United States and 39 44 registered and 11 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.

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, 2022 December 31, 2023, we had approximately 250 85 full-time employees, all 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. We have not experienced any work stoppages and in connection with the discontinuation of the electrified powertrain systems business, we consider reduced our relationship workforce by approximately 175 people, or 67%, with our employees to be good. None of our employees are subject to a collective bargaining agreement or are represented by a labor union. 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 seek to provide our employees with competitive compensation and benefits, including grants of equity under our equity incentive plans, access to 401(k) plans and medical, life and disability insurance. In addition, we provide several supplemental health plans of our employees' choosing. 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. Our production, research and development employees mainly work in our Austin headquarters and other facilities, which have implemented practices including company-wide policies to ensure the safety of each employee and compliance with Occupational Safety and Health Administration standards. We have developed a flexible work policy that

allows certain employees to work from home. 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;
- use of recycled materials;
- energy sources;
- the storage, handling, treatment, transportation and disposal of hazardous materials;
- the protection of the environment; and
- natural resources and endangered species; and
- the remediation of environmental contamination. 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.

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 product 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.

EPA Specific standards, certifications, and CARB Emissions Compliance and Certification

Under the U.S. Clean Air Act, some of our electrified powertrain solutions may be required to obtain a Certificate of Conformity issued by the EPA and a series of California Executive Orders issued by CARB, demonstrating that our powertrains and vehicles comply with requirements including as applicable, emission standards rules for both criteria pollutants, such as nitrogen oxides ("NOx") and particulate matter ("PM"), and GHGs, such as carbon dioxide ("CO2") and nitrous oxide ("N2O"). A Certificate of Conformity is required for vehicles sold in all states and Executive Orders are required for vehicles sold in California and states that have adopted the California standards. There are currently six states that have adopted the California standard for heavy-duty vehicles, five states are pursuing adoption of some or all of the CARB standards through a formal rulemaking process and an additional six states are considering adoption of some or all of the CARB standards.

CARB has adopted an ACT rule that requires heavy-duty vehicle manufacturers to produce and sell in California a certain number of zero-emission vehicles. In addition to California, a growing number of other states follow the CARB regulatory framework and are also adopting ACT. If the heavy-duty vehicle manufacturers do not meet the applicable requirements, they will be deemed unable to sell the rest of their portfolio in that state, creating a significant incentive to deploy ZEV and NZEV vehicles that meet the need of fleet customers. CARB is also considering a fleet-facing zero-emission vehicle mandate (ACF), which acts in a similar manner to ACT by requiring truck operators to add an increasing percentage of ZEV and NZEV vehicles to their fleets over time. All vehicles and engines manufactured for sale in the United States must be covered by an EPA Certificate of Conformity (and respective CARB Executive Orders if sold in California), including engines and vehicles using zero-emission or low-carbon technology. As is necessary, an EPA Certificate of Conformity and/or CARB Executive Order, covering both criteria pollutants and GHG, must be obtained each model year for each engine family and heavy-duty vehicle.

Manufacturers of heavy-duty engines and vehicles also must ensure that their products comply with On Board Diagnostics ("OBD") requirements. The OBD system is intended to identify and diagnose malfunctions within the engine, aftertreatment and emission control systems and alert the driver to the underlying issue so the vehicle can be brought in for service. CARB issues approval of the OBD system as part of its issuance of an Executive Order; the EPA typically deems CARB OBD approval we seek to be compliant with in compliance include the EPA's requirements. As with emissions compliance, manufacturers are required to ensure that the OBD system functions as designed and is able to identify component malfunctions throughout the full useful life of the vehicle or engine.

We are currently in the process of obtaining the certifications required from both CARB and the EPA to confirm conformity with applicable regulations. This effort includes demonstrating that our system complies with emissions standards for criteria

pollutants and that our OBD systems are capable of detecting deviations from these standards throughout their operating life. We expect to obtain needed certifications prior to the start of Hypertruck ERX commercialization in the second half of 2023.

Inflation Reduction Act

The Inflation Reduction Act in the U.S. became law in August 2022. Trucks with the Hypertruck ERX system are eligible under the Inflation Reduction Act for a 30% tax credit of up to \$40,000 per vehicle. On December 29, 2022 the United States Treasury Department and the Internal Revenue Service ("IRS") released guidance relating to the electric vehicle tax credit provisions of the Inflation Reduction Act of 2022 including guidance on the commercial clean vehicle tax credit (section "45W") for businesses. Businesses and tax-exempt organizations that buy a qualified commercial clean vehicle may qualify for a clean vehicle tax credit of up to \$40,000 under Internal Revenue Code 45W. The credit equals the lesser of:

- 15% of the basis in the vehicle (30% if the vehicle is not powered by gas or diesel); Military Standard ("MIL-STD") 1399 requirements over power quality;
- The incremental cost of the vehicle; or MIL-STD-810, MIL-STD-901, and MIL-STD-167 requirements over shock and vibrations;
- The maximum credit is \$7,500 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 qualified vehicles Linear Generators." This rule governs, among other things, the steady state emissions from technologies such as KARNO. We worked jointly with gross vehicle weight ratings ("GVWR's) of under 14,000 pounds SCAQMD to establish the various criteria and \$40,000 for all other vehicles.

There is no limit on the number of credits businesses can claim.

ZEV Credits and Other

In California, the Advanced Clean Truck Rule was passed in June of 2020 and placed a requirement on heavy duty truck manufacturers to produce and sell zero emission vehicles as a percentage of their total sales, beginning in 2024. The sales requirements gradually increase every year until 2035. The basic structure is result, believe that manufacturers KARNO will accumulate deficits when they sell conventionally fuel vehicles. These deficits can be offset by the accumulation of credits which are earned as ZEVs and NZEVs are sold. NZEVs generate credits based on their minimum all-electric range ("AER"). The credits are calculated by multiplying the AER by 0.01. As an example, if a customer is to purchase an electric vehicle with an AER of 35 miles, the sale would produce 35% of a credit. NZEV credits cannot exceed 75%.

The California Air Resource Board is currently reviewing a draft rulemaking called the Advanced Clean Fleet Rule that is expected to be released in 2023. The Advanced Clean Fleet Rule is a medium and heavy-duty zero-emission fleet regulation with the goal of achieving a zero-emission truck and bus California fleet by 2045. The primary goal of the ACF regulation is to accelerate the market for zero-emission trucks, vans, and buses by requiring fleets that are well suited for electrification, to transition to ZEVs where feasible.

GHG Credits — U.S. EPA

The EPA's GHG Regulation requires all manufacturers of heavy-duty engines and vehicles to comply with fleet average GHG standards. Manufacturers may comply with the standards by producing engines or vehicles, all of which comply with the standards, or by averaging, banking and trading GHG credits within vehicle or engine categories. Manufacturers may also comply with GHG standards by purchasing credits from manufacturers with a surplus of credits. The failure to comply with GHG standards can lead to civil penalties or the voiding of a manufacturer's EPA Certificate of Conformity. In connection with the delivery and placement into service of zero-emission and low-emission vehicles, we may earn tradable GHG credits that under current laws and regulations can be sold to other manufacturers. Under the EPA's GHG Regulation, plug-in hybrid, all-electric and fuel cell vehicles can earn a credit multiplier of 3.5, 4.5, and 5.5, respectively, for use in the calculation of GHG emission credits.

Commercial engine and vehicle manufacturers are required to meet the NOx emission standard for each type of engine or vehicle produced. Typical diesel engine emission control technology limits the fuel economy and GHG improvements that can be made while maintaining compliance with the NOx standard. As the fleet-average GHG standards continue to decrease over time, compliance with the NOx standard will increase the difficulty for conventional diesel vehicles to meet the applicable GHG standard. Until technology catches up for commercial vehicles, manufacturers of diesel trucks will likely need to purchase GHG credits to cover their emission deficit. The EPA's GHG Regulation provides the opportunity for the sale of excess credits to other manufacturers who apply such credits to comply with these regulatory requirements. Furthermore, the regulation does not limit the number of GHG credits that can be sold within the same commercial vehicle categories.

GHG Credits — California Air Resources Board

California also has a separate GHG emissions regulatory program, which is very similar to the EPA requirements. Like the EPA's GHG Rule, the CARB rule allows for averaging, banking and trading of credits to comply with the fleet-average GHG standard and the failure to comply with the California GHG standard may lead to the imposition of civil penalties. The delivery and placement into service of our zero-emission and low-emission vehicles in California may earn us tradable credits that can be sold. Under CARB GHG regulations, advanced technology vehicles can also earn a credit multiplier of for use in the calculation of emission credits in the same amounts as under the EPA's GHG Rule.

Heavy-Duty Vehicle Safety Requirements

Manufacturers of vehicles that operate on US highways are subject to, and must comply with, various regulations established by the National Highway Traffic Safety Administration ("NHTSA"). These federal motor vehicle safety standards ("FMVSS") cover a wide variety of vehicle equipment and components. Manufacturers of vehicles, including heavy-duty vehicles, must confirm that their vehicles and vehicle equipment comply with applicable standards or, as appropriate, are exempt from those standards. Currently, there are several FMVSS that apply to vehicle manufacturers and may be applicable to Hylion's Hybrid and Hypertruck platforms. As may be required, Hylion is evaluating FMVSS requirements for applicability to Hylion products.

Manufacturers of vehicles that operate on US highways must also comply with NHTSA safety reporting requirements concerning safety involving Hyliion systems concerning various issues including, but not limited to, accidents, warranty claims, field actions and reports and recalls. As situations may arise, Hyliion will take appropriate actions to comply with these reporting requirements. this regulation.

Competition

We have experienced, and expect to continue to experience, intense competition from a number of companies, particularly as the commercial transportation sector increasingly shifts towards low-emission, zero-emission, or carbon-neutral solutions. We face competition from many different sources, including major commercial vehicle OEMs utility-scale grid power and companies that are developing alternative fuel manufacturers of fixed and electric commercial vehicles. Existing commercial vehicle OEMs such as PACCAR, Navistar, Volvo, Mack Trucks portable generator equipment. Key generator manufacturing competitors include Cummins, Bloom Energy, Generac, Kohler, Caterpillar, Mainspring and Daimler Jenbacher, several of which maintain the largest market shares in the sector. Given we primarily develop and sell powertrains that are designed to be installed into an OEM's commercial vehicle to augment or replace conventionally fueled powertrains, as opposed to a complete commercial vehicle, we believe we will primarily compete with other powertrain providers offering new low-emissions solutions as opposed to commercial vehicle manufacturers. While there are many competitors addressing electrification of commercial vehicles, many of them are focused on shorter range and lighter-duty vehicles. We are providing electrified solutions that are addressing both the long-haul and regional transportation sectors. We believe the primary competitive factors in the long-haul Class 8 semi-truck stationary generator market include, but are not limited to:

- total cost of ownership;
- emissions profile;
- availability of charging or fueling network, sources;
- ease of integration into existing operations;
- product performance and uptime;
- vehicle quality, reliability and safety;
- vehicle support, parts and on-road service network;
- technological innovation specifically around battery, software and data analytics; and
- fleet management, 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 alternative fuel and electric truck programs, 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, 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 electrified systems stationary generators will be the first to market. Even if our electrified systems are first to market, broadly adopted or among the first to market, we cannot be sure will provide benefits that customers will choose vehicles with our electrified systems over those of our competitors, or over conventional natural gas or diesel-powered vehicles.

Numerous companies, including Cummins, Daimler, Dana, Navistar, PACCAR, Volvo, Tesla, Nikola, Lion Electric, Hyzon and other commercial vehicle manufacturers have announced overcome their plans to bring Class 8 semi-truck BEVs or FCEVs to the market. However, we do not believe any of them have showcased a roadmap similar to Hyliion's, which is based on offering a range-extender electric vehicle that utilizes various generators with different fuel sources as a product that helps trucking transition from fossil fuel-powered vehicles to fully electric vehicles over time as technology advances and fueling and recharging infrastructure becomes more readily available and reliable. Furthermore, we will also face competition from

manufacturers of more powerful internal combustion engines powered by natural gas and diesel fuel. We expect additional competitors may enter the market as well, particularly if we are successful with the Hypertruck platform, capital costs.

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 ⁽¹⁾	31	Chief Executive Officer
Jon Panzer ⁽²⁾	57	Chief Financial Officer
Dennis Gallagher ⁽³⁾	58	Chief Operating Officer
Cheri Lantz ⁽⁴⁾	48	Chief Strategy Officer
Jose Oxholm ⁽⁵⁾	57	Chief Legal & Compliance Officer

¹ 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.

² 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.

³ 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.

⁴ 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 Transportations 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.

⁵ 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. He has a J.D. from the University of Pennsylvania and a bachelor's degree from the University of Michigan.

Available Information

Additional information about Hylion is available at www.hylion.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 late 2024 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 to obtain 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 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 a net loss of losses (\$123.5 million and \$153.4 million for the year ended December 31, 2022 and have incurred cumulative net operating losses of \$277.3 million during the previous three years ended December 31, 2022 December 31, 2023 and 2022, 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 selling our powertrain systems that exceeds our operating expenses, sales of KARNO generator products. We do not expect to reach achieve this level of financial performance through 2024, and we may never achieve such performance.

Additionally, in 2023, connection with our new business strategy, 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 ever. Even if we are ultimately realize the full benefits of, or be able to successfully develop and sell our electrified powertrain solutions, there can be no assurance that they will be commercially successful. Our potential profitability is dependent upon sustain the successful development and successful commercial introduction and acceptance of our electrified powertrain solutions, which may not occur. benefits anticipated by, these initiatives.

We will require significant capital to develop and grow our business, including developing, producing and servicing our electrified powertrain solutions, our KARNO generator product, generators and our brand. We expect to incur significant expenses, which will impact our profitability and available capital.

including costs for research and development efforts, component and service procurement, sales, general and administrative costs, and production, distribution and support of our electrified powertrain solutions. We also expect to utilize more of our cash to grow working capital as we procure component parts for commercialization of our Hypertruck ERX powertrain system support.

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

We are in have no experience manufacturing the early stages of developing key commercial relationships with suppliers KARNO generator on a large-scale basis and customers, 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. We have deployed Hybrid and Hypertruck ERX system units to certain companies we expect to be customers in the future; however, all of our commercial relationships are in the early stages of development and if we do not have the ability develop adequate manufacturing processes and capabilities to predict with certainty the outcome of those relationships. Our suppliers may face delays do so, or if we fail to identify qualified outsourced manufacturing partners, in a timely manner, we will be unable to meet achieve our business requirements and standards at the quantity, quality, timeliness and price levels needed for our business. The entities that we expect to be customers in the future may decide not to do business with us. Because we are still getting to know our suppliers and customers, 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. profitability objectives.

We are highly dependent have not yet manufactured the KARNO generator on a large scale but in order to produce the services generator at affordable prices, we will have to manufacture at scale which may require future printer throughput increases, reduction of Thomas Healy, our Chief Executive Officer, printer or material costs, and if volume-driven cost reductions on other generator components. We do not know whether we are unable will timely receive the printers we need to retain Mr. Healy, attract and retain key employees and hire qualified management, technical and vehicle engineering personnel, our ability to compete could be harmed.

Our success depends, in part, on our ability to retain our key personnel. We are highly dependent on manufacture KARNO at scale or whether the services of Thomas Healy, our Chief Executive Officer and largest stockholder. Mr. Healy is the source of many of the ideas and execution driving us. If Mr. Healy were to discontinue his service with us due to death, disability or any other reason, printers we would be significantly disadvantaged. The unexpected loss of or failure to retain one or more of our key employees could adversely affect our business.

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 electrified powertrain solutions 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 significantly. We intend to continue to hire additional personnel, including software engineers, design and production personnel and service technicians for our electrified powertrain solutions. Because our electrified powertrain solutions are based on a different technology platform than traditional internal combustion engines, individuals with sufficient training in alternative fuel and electric vehicles may not be available to hire, and as a result, we may need to expend significant time and expense training any newly hired employees. Competition for individuals with experience designing, producing and servicing electrified vehicles and their software is intense, and we may not be able to attract, integrate, train, motivate, or retain additional highly qualified personnel, particularly with respect to software engineers in the Austin, Texas area where we are headquartered. Due to the specific skills required, the strong job market nationally and the high cost of living and competition in the Austin, Texas area, 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.

Risks Related to our Products

If our electrified powertrain solutions fail to perform as expected, our ability to develop, market and sell our electrified powertrain solutions could be harmed.

Our electrified powertrain solutions may contain defects in design and production that may cause them not to perform as expected or they may require repair. There can be no assurance that we use will be able to detect and fix any defects in adequately accommodate capacity needs. We do not know whether our electrified powertrain solutions. Our electrified powertrain solutions may not meet customers' expectations or perform competitively with other vehicles that may become available. Any plans to scale the product defects or any other failure of our electrified powertrain solutions 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.

The performance characteristics of our electrified powertrain solutions, including fuel economy, range between refueling, and emissions levels, may vary, including due to factors outside of our control.

Our electrified powertrain solutions are still being designed and developed, and there are no assurances will be implemented such that they will be able to meet their projected performance characteristics, including fuel economy, range between refueling, and emissions levels. External factors (such as driver behavior, weather conditions, hardware efficiency, payload and terrain) may also impact satisfy the performance characteristics of our electrified powertrain solutions related to estimated fuel savings, GHG emissions and fuel economy of vehicles installed with our electrified powertrain solutions. These external factors as well as any operation of our electrified powertrain solutions other than as intended, may result in emissions levels that are greater than we expect. The ability of our electrified powertrain solutions to have a net-carbon-negative profile, will depend on the availability of renewable natural gas as well as the infrastructure necessary to purchase RNG through fuel providers. Any limitation on the ability to purchase RNG, such as a decrease or a limitation on the number of natural gas fueling stations or limitation on the production of natural gas and RNG in particular, will negatively impact the anticipated carbon intensity profile of our electrified powertrain solutions. In addition, the carbon intensity profiles could vary based on the source of RNG, which could reduce a fleet's ability

to have favorable carbon intensity scores. Due to these factors, there can be no guarantee that the operators of vehicles using our electrified powertrain solutions will realize the expected fuel savings, range and fuel economy and GHG emission reductions.

Our beliefs regarding the ability of our electrified powertrain solutions to limit carbon intensity and reduce GHG emissions and contribute to global decarbonization may be based on materially inaccurate assumptions.

Our beliefs regarding our ability to reduce carbon intensity and GHG emissions are based on certain assumptions, including, but not limited to, our projections of the use of natural gas and renewable natural gas in the future, fuel types used, the ability to obtain carbon credits, driver behavior and our electrified powertrain solutions' efficiencies and performance. To the extent our assumptions are materially incorrect or incomplete, it could adversely impact our business, prospects, financial condition and operating results. In addition, if our assumptions regarding the ability of our solutions to limit carbon intensity and reduce GHG emissions from trucking operations are materially incorrect or incomplete, or if our beliefs regarding the availability of our products are materially incorrect or incomplete, it is possible that our competitors' technology may be better at limiting carbon intensity and reducing GHG emissions in certain circumstances and in certain markets.

We have limited experience servicing our electrified powertrain solutions and our integrated software. If we are unable to address the service requirements of our customers our business, prospects, financial condition and operating results the anticipated markets for the KARNO generator. If the Company is unable to develop these manufacturing capabilities internally, we may be materially 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 adversely affected, capabilities in a timely manner could prevent us from achieving our growth and profitability objectives.

We 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 limited experience in servicing our electrified powertrain solutions incurred and expect to increase our servicing capabilities as we begin commercial production incur in the development of our electrified powertrain solutions. Servicing hybrid products.

The distributed power generation industry is still an emerging market in an otherwise mature and electric vehicles 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 different than servicing vehicles with internal combustion engines and traditional mechanical powertrains and requires specialized skills, including high voltage training and servicing techniques. We plan to partner with one or more third party unproven, lack of confidence in our business model, the unavailability of third-party service providers to perform some operate and maintain KARNO generators, and lack of awareness of our product or all 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 servicing on size and expected growth of electricity demand in our electrified powertrain solutions, target markets, our capacity to address this demand, the adoption of our KARNO generator technology, and there can our pricing may prove to be no assurance that 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 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 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 ability to attract, train and retain qualified personnel with experience in supporting customers on platforms such as ours. As we continue business could fail to grow additional pressure may be placed on at similar rates, if at all.

Any such delay or failure in the development of potential markets would significantly harm our customer support team, revenues and we may be unable to respond quickly enough recover the losses we have incurred and expect to accommodate short-term increases continue to incur in customer demand for maintenance services the acquisition and technical support development of KARNO generator technology. If we are unable this were to successfully address the service requirements of our customers or establish a market perception that we do not maintain high-quality support, occur, we may be subject to claims from our customers, including loss of revenue or damages, never achieve profitability and our business prospects, financial condition, could fail. Whether or not end-users will want to implement and operating results use stationary power generators and other distributed generation technologies may be materially and adversely affected.

Our electrified powertrain solutions rely on software and hardware that is highly technical, and if these systems contain errors, bugs or vulnerabilities, or if we are unsuccessful in addressing or mitigating technical limitations in our systems, our business could be adversely affected.

Our electrified powertrain solutions rely on software and hardware to store, retrieve, process and manage immense amounts of data. Such software and hardware, that is developed or maintained internally or affected by third parties, is highly technical and complex and will require modification and updates over the life of the vehicle. Our software and hardware may contain, errors, bugs or vulnerabilities, and our systems are subject to certain technical limitations that may compromise our ability to meet our objectives. Some errors, bugs or vulnerabilities inherently may be difficult to detect and may only be discovered after the code has been released for external or internal use. If we are unable to prevent or effectively remedy errors, bugs, vulnerabilities or defects in our software and hardware, we may suffer damage to our reputation, loss of customers, loss of revenue or liability for damages, any of which could adversely affect our business and financial results.

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. The automobile industry in particular experiences significant product liability claims, and we face inherent risk of exposure to claims in the event our electric powertrain solutions do not

perform or are claimed to not have performed as expected. As is true for other commercial vehicle suppliers, we expect in the future that our electrified powertrain solutions will be installed on vehicles that will be involved in crashes resulting in death or personal injury. Additionally, product liability claims that affect our competitors may cause indirect adverse publicity for us and our products.

Our risks in this area are particularly pronounced given the relatively limited number of electrified powertrain solutions delivered to date and limited field experience of our products. A successful product liability claim against us could require us to pay a substantial monetary award. In many factors, 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.

Insufficient warranty reserves to cover future warranty claims could materially adversely affect our business, prospects, financial condition and operating results.

We maintain warranty reserves to cover warranty-related claims of our electrified powertrain solutions. If our warranty reserves are inadequate to cover future warranty claims on our vehicles, or our parts suppliers fail to provide warranties for, or honor warranty claims against, their parts, our business, prospects, financial condition and operating results could be materially and adversely affected. We may become subject to significant and unexpected warranty expenses as well as claims from our customers, including loss of revenue or damages. There can be no assurances that then-existing warranty reserves will be sufficient to cover all claims.

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 beyond our control, including:

- the pace at which we continue to design, develop emergence of more competitive technologies and produce new products; alternative technologies and products and increase production capacity;
- that could render our products obsolete; the number of customer orders in a given period;
- changes in manufacturing costs;
- the timing and future cost of and level fuels used by our products; the regulatory requirements of investment in, research and development agencies with respect to energy products; government support by way of legislation, tax incentives, policies or otherwise, relating to our technologies technology; the manufacturing and our current or future facilities;
- relationships, partnerships, contracts supply costs for components and other agreements with suppliers and development partners;
- our ability to achieve favorable pricing from suppliers systems for component purchases;
- our ability to obtain required certifications for our powertrain systems;
- developments involving our competitors; and
- changes in governmental regulations or applicable law.

As a result the KARNO generator; the perceptions of these factors, we believe that period-to-period comparisons consumers regarding the safety of our financial results, especially in products; the short term, are not necessarily meaningful willingness of consumers to try new technologies; and that these comparisons cannot be relied upon as indicators the continued development and improvement 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 Customers existing power technologies.

We may not be able to successfully engage target customers or convert early trial deployments with truck fleets early-stage products into meaningful orders or additional deployments 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 trial deployments with truck fleets early-stage products into meaningful orders or additional deployments in the future. If we are unable to meet our customers' performance requirements or industry specifications, identify target customers or convert early trial deployments early-stage products into meaningful orders, or obtain additional deployments in the future, our business, prospects, financial condition and operating results would be materially adversely affected. Moreover, if

we or our customers find that our Hybrid system KARNO generator does not perform as expected or if our orders for Hybrid systems KARNO generators do not materialize in large numbers, we may cease to distribute our Hybrid system, 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.

We plan to accept reservation orders for the sale of our electrified powertrain solutions that are cancellable, and our initial pre-launch sales order and reservations for Hypertruck ERX-equipped trucks are cancellable.

Our Hypertruck ERX electrified powertrain solution is still in the development and testing phase and commercial deliveries are not expected to begin until late 2023 or later, and may not occur at all. As a result, we plan to accept reservation orders for trucks equipped with our Hypertruck ERX system that are cancellable by customers without penalty. As a result, no assurance can be made that reservations will not be cancelled or that reservations will result in the purchase of our electrified powertrain solutions, and any such cancellations could harm our business, prospects, financial condition and operating results.

We may also enter into contracts for the sale of our electrified powertrain solutions that include various cancellation rights in favor of the customer. For example, in May 2020, we entered into a pre-launch sales agreement (the "Agility Pre-Launch Agreement") with Agility Logistics Cargo Transport Co. WLL ("Agility Transport"), a company organized under the

laws of and based in Kuwait and a subsidiary of Agility Public Warehousing Company K.S.C.P. for up to 1,000 trucks equipped with our Hypertruck ERX system in one or more future purchase orders, subject to certain testing and performance requirements and

termination rights, including a right to terminate the Agility Pre-Launch Agreement prior to purchasing all or any portion of Agility Transport's pre-order. The Agility Pre-Launch Agreement does not specify the terms or period upon which these purchase orders may be entered into, such that our sale of Hypertruck ERX system to Agility Transport is subject to the parties reaching further agreement on the terms of the purchase agreements. Any termination, reduction or dispute related to this agreement or others similar to it could harm our business, prospects, financial condition and operating results.

We intend to sell our electrified powertrain solutions to large commercial vehicle OEM customers and large-volume private-fleet and for-hire trucking customers. The failure to obtain such customers, loss of sales to such customers, ability to sell full trucks or failure to negotiate acceptable terms in contract negotiations could have an adverse impact on our business.

We intend to sell our electrified powertrain solutions to commercial vehicle OEMs and other large volume customers including private and for-hire trucking fleets. We may not be able to establish relationships with such OEMs or large volume customers if customer demand is not as high as we expect or if commercial vehicle OEMs face pressure from their existing suppliers not to purchase our electrified powertrain solutions. We may enter into long-term contracts with certain of these commercial vehicle OEMs and other large volume customers, who have substantial bargaining power with respect to price and other commercial terms, and any long-term contracts would be subject to renegotiation and renewal from time to time. Failure to obtain new customers, loss of all or a substantial portion of sales to any customers for whatever reason (including, but not limited to, loss of contracts or failure to negotiate acceptable terms in contract renewal negotiations, loss of market share by these customers, insolvency of such customers, reduced or delayed customer requirements, plant shutdowns, strikes or other work stoppages affecting production by such customers), or continued reduction of prices to these customers could have a significant adverse effect on our financial results. There can be no assurance that we will be able to obtain or retain large volume customers or that we will be able to offset any reduction of prices to these customers with reductions in our costs or by obtaining new customers.

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.

Risks Related Additionally, our end user customers may be required to our Production Processes obtain certifications for use of the KARNO generator on their premises or other intended locations and Supply Chain

We face significant barriers the delay or failure of these customers to produce our electrified powertrain solutions, and if we cannot successfully overcome those barriers obtain such certifications could have a material impact on our business will be negatively impacted, and operating results.

The commercial trucking industry has traditionally been characterized by significant barriers to entry, including the ability to meet performance requirements or industry specifications, acceptance by OEMs and our end users, large capital requirements, investment costs of design and production, long lead times to bring components to market from the concept and design stage, the need for specialized design and development expertise, regulatory requirements, establishing a brand name and image and the need to establish sales capabilities. If we are not able fail to overcome these barriers, manage our business, prospects, financial condition and operating results will be negatively impacted and our ability to grow our business will be harmed.

Our success will depend on our ability to economically outsource the production, assembly and installation of our electrified powertrain solutions at scale, and our ability to develop and produce electrified powertrain solutions of sufficient quality and appeal to customers on schedule and at scale is unproven.

Our business depends in large part on our ability to execute our plans to develop, produce, install, assemble, market, sell, and service our electrified powertrain solutions. We currently produce our Hybrid system at our facility in Cedar Park, Texas and expect to begin production of our Hypertruck ERX system in late 2023, at the earliest. Over time, we anticipate we will shift production to our outsourcing partners' facilities. We anticipate that a significant concentration of this production, assembly and installation will be performed by a small number of outsourcing partners. While these arrangements can lower operating costs,

they also reduce our direct control over production and distribution. Such diminished control may have an adverse effect on the quality or quantity of products or services, or our flexibility to respond to changing conditions.

Our continued development of our electrified powertrain solutions is and will be subject to risks, growth effectively, including with respect to:

- the equipment we plan to use being able to accurately produce our electrified powertrain solutions within specified design tolerances;
- the compatibility of our electrified powertrain solutions with existing and future commercial vehicle designs;
- long- and short-term durability of the components in our electrified powertrain solutions in the day-to-day wear and tear of the commercial trucking environment;
- compliance with environmental, workplace safety and similar regulations;
- the ability or willingness of our suppliers to deliver key components to our desired specifications, in a timely manner, on acceptable terms, and in the quantities we require;
- delays in delivery of final component designs to our suppliers;
- our ability failing to attract recruit, hire and train skilled employees;
- quality controls, particularly as qualified personnel, we plan to expand our production capabilities;
- delays or disruptions in our supply chain;

- other delays and cost overruns; and
- our ability to secure additional funding if necessary.

We and our future production partners have no experience to date in high-volume production of our electrified powertrain solutions. We do not know whether we or our future production partners will be able to develop, efficient, automated, low-cost production capabilities produce, market and sell our distributed generation products successfully.

Any failure to manage our growth effectively could materially and reliably sources of component supply, that will enable us adversely affect our business, prospects, operating results and financial condition. We intend to meet the quality, price, engineering, expand our operations in future years. We intend to continue to hire additional personnel, including engineers, design and production standards, as well as the production volumes required to successfully mass market personnel and service technicians for our electrified powertrain solutions or whether 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 or our production partners will may not be able to do so attract, integrate, train, motivate, or retain additional highly qualified personnel in a manner that avoids significant delays the Austin, Texas and cost overruns, including as a result of factors beyond 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 control such as problems with suppliers and vendors, or in time to meet our vehicle commercialization schedules or to satisfy the requirements of customers. Any hiring goals. The failure to develop such production processes attract, integrate, train, motivate and capabilities within our projected costs and timelines retain these additional employees could have a material adverse effect on our business, prospects, financial condition and operating results.

We may experience significant delays in the design, production and launch of our electrified powertrain solutions, which could seriously harm our business, prospects, financial condition and operating results.

Our electrified powertrain solutions are still in the development and testing phase, and commercial deliveries of the Hypertruck ERX system are not expected to begin until late 2023 or later, and may not occur at all. Any delay in the financing, design, production and launch of our electrified powertrain solutions, including future production of our Hybrid system and Hypertruck ERX system at our outsourcing partners, could materially damage our brand, business, prospects, financial condition and operating results.

We are dependent on large commercial vehicle OEMs and producers of de-contented chassis to provide vehicles for our electrified powertrain solutions.

Because we do not manufacture complete commercial vehicles, we are dependent on commercial vehicle OEMs to provide de-contented chassis (chassis with conventional powertrain components removed) platforms for installing our electrified powertrain solutions. The most favorable financial model for deployment of our products is for OEMs to directly install our products in their commercial vehicles when they are being assembled. If OEMs are unable or unwilling to integrate the installation of our electrified powertrain solutions into their commercial vehicle production lines, we may have to establish other OEM relationships or rely on commercial truck upfitting and modification companies to do this work. To the extent that there are limitations on the availability of de-contented chassis, either due to the unwillingness or inability of OEMs and producers to produce and provide them to us or our installation partners, or a change in governmental regulations or policies, we would either need to develop our own commercial vehicle on which to install our electrified powertrain solutions or install our products into commercial vehicles that would have to be de-contented. Either case could have a negative impact on our ability to sell our electrified powertrain solutions at the prices, margins, or in the timeframes that we anticipate. Additionally, if commercial vehicle OEMs limit or fail to provide a warranty on vehicles with our electrified powertrain solutions, we will incur additional costs by contracting with a third party to provide warranty services. Any of the foregoing would have a material adverse effect on our business, prospects, financial condition and operating results.

We will rely on third parties, including commercial truck upfitting and modification companies and commercial vehicle OEMs, to install our electrified powertrain solutions in vehicles, which is subject to risks.

We intend to enter into agreements with commercial truck upfitting and modification companies and commercial vehicle OEMs to install our electrified powertrain solutions. Using third-party contract manufacturers and installers for the production and installation of our electrified powertrain solutions is subject to risks with respect to operations that are outside our control. We

could experience delays if our outsourcing partners do not meet agreed upon timelines or experience capacity constraints that make it impossible for us to fulfill purchase orders on time or at all. The installation of our solutions may also void the warranty of a vehicle or a vehicle's components, such as the engine or transmission, which may reduce customer demand for our solutions. Our ability to successfully build a premium brand could also be adversely affected by perceptions about the quality of our outsourcing partners' products. In addition, although we are involved in each step of the supply chain, production and installation processes, because we also rely on our outsourcing partners and third parties to meet our quality standards, there can be no assurance that the final product will meet expected quality standards.

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 vehicles 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 electrified powertrain solutions, KARNO generator system, such as natural gas generators, 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 vehicles will 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 performance and pricing, which would impact our ability to achieve our product specifications and performance characteristics as well. 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 electrified powertrain solutions 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 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. 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 particularly battery cells, could harm our business.

Once we begin commercial production of our **electrified powertrain solutions**, **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.

Any disruption 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 the supply of battery cells could temporarily disrupt design and production of our electrified powertrain solutions until a different supplier is fully qualified. Moreover, battery cell manufacturers may refuse to supply electric vehicle manufacturers if they determine that the vehicles are not sufficiently safe. Furthermore, fluctuations or shortages in petroleum and other economic conditions may cause us them not to experience significant increases in freight charges. Substantial increases in perform as expected or they may require repair or not achieve the prices for raw materials may increase the cost of our components and consequently, the costs of products, expected low maintenance characteristics. There can be no assurance that we will be able to **recoup increasing costs** 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 components by increasing prices, 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 service providers to perform some or all of the servicing on our electrified powertrain solutions, 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 reduce harm our margins, 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 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.

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

Our future growth is dependent upon We expect to face significant competition in the commercial trucking industry's willingness to adopt alternative fuel, hybrid and electric vehicles. distributed generation market.

Our growth is highly dependent upon the adoption KARNO generators will compete with a broad range of alternative 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 hybrid cells and electric vehicles by the commercial trucking industry. If the market for alternative fuel, hybrid and electric vehicles and our electrified powertrain solutions does not develop at the rate or in the manner or to the extent that we expect, or if critical assumptions we have made regarding the efficiency, range or performance diesel generators.

Many of our electrified powertrain solutions are incorrect or incomplete, our business, prospects, financial condition and operating results will be harmed. The market for alternative fuels, hybrid and electric vehicles is new and untested and is characterized by rapidly changing technologies, price competition, numerous competitors, evolving government regulation and industry standards and uncertain customer demands and behaviors.

Although we hope to be among the first to bring electrified powertrain solutions to market, competitors have already begun to sell electrified vehicles and may gain a competitive advantage over us.

We face intense competition in trying to be among the first to bring electrified powertrain solutions to market, and we expect competition to intensify in light of increased demand and regulatory push for alternative fuel and electric vehicles. Most of our current and potential competitors have greater financial, technical, manufacturing, marketing such as traditional utilities and other resources than we do. They may be able to deploy greater resources to the design, development, manufacturing, distribution, promotion, sales, marketing and support of their alternative fuel and electric truck programs. Additionally, our competitors also companies offering distributed generation products, have greater name recognition, longer operating histories, larger sales forces, broader customer incumbency advantages, access to and industry relationships influence with local and other 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 do. These cannot anticipate. We may also face new competitors also 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 us in recruiting and retaining qualified research and development, sales, marketing and management personnel, as well as in acquiring technologies complementary to, grid electricity or necessary for, new competitors, our

products. Additional mergers and acquisitions may result in even more resources being concentrated in our competitors. We cannot provide assurances that our electrified systems growth will be the first to market and there are no assurances that customers will choose vehicles with limited, which would adversely affect our electrified systems over those of our competitors, or over diesel powered trucks.

Numerous companies including Cummins, Daimler, Dana, Navistar, PACCAR, Volvo, Tesla, Nikola, Lion Electric, Hyzon and other commercial vehicle manufacturers have announced their plans to bring Class 8 semi-truck BEVs or FCEVs to the market. Furthermore, we will also face competition from manufacturers of internal combustion engines powered by diesel fuel and natural gas. We expect additional competitors to enter the industry as well. business results.

Developments in alternative technology or improvements in the internal combustion engine distributed generation products may adversely affect the demand for our electrified powertrain solutions. KARNO generators.

Significant developments in alternative technologies, such as battery cells, advanced diesel, improved natural gas engines, 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. Any failure by us to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay our development and introduction of new and enhanced alternative 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.

Risks Related to Technology, Data and Privacy-Related Matters

We are subject to cybersecurity risks to operational systems, security systems, infrastructure, integrated software in our electrified powertrain solutions 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, driver, 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: (a) of our operational systems; (b) systems, facility security systems; (c) 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 (a) the integrated software in our electrified powertrain solutions; KARNO generators; or (b) customer or driver 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 could result in loss of confidence in us and our electrified powertrain solutions and harm our business.

Our electrified powertrain solutions 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. Any unauthorized access to or control of our electrified powertrain solutions, 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.

Inability to leverage vehicle and customer data could impact our software algorithms and impact research and development operations.

We rely on data collected from the use of fleet vehicles outfitted with our products, including vehicle data and data related to battery usage statistics. We use this data in connection with our software algorithms and the research, development and analysis

of our products. Our inability to obtain this data or the necessary rights to use this data could result in delays or otherwise negatively impact our research and development efforts.

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 **electrified powertrain solutions, 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 **battery packs, electric motors, fuel cells or electronic power management systems** **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 (a) cease development, sales or use of our products that incorporate the asserted intellectual property, (b) pay substantial damages, (c) 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 (d) redesign one or more aspects or systems of our **electrified powertrain solutions, 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 and Regulatory Matters

The unavailability, reduction or elimination of government and economic incentives for alternative fuel use due to policy changes or government regulation could have a material adverse effect on our business, prospects, financial condition and operating results.

Any reduction, elimination or discriminatory application of government subsidies and economic incentives because of policy changes, the reduced need for such subsidies and incentives due to the perceived success of the electric vehicle industry or other reasons may result in the diminished competitiveness of the alternative fuel and electric vehicle industry generally or our **electrified powertrain solutions**. While certain tax credits and other incentives for alternative energy production, alternative fuel and electric vehicles have been available in the past, there is no guarantee these programs will be available in the future. In particular, we are influenced by federal, state and local tax credits, rebates, grants and other government programs and incentives that promote the use of RNG and natural gas as vehicle fuel. These include various government programs that make grant funds available for the purchase of natural gas vehicles or encourage low carbon "compliant" transportation fuels (including CNG). If current tax incentives are not available in the future, our financial position could be harmed.

Additionally, other changes to governmental regulations and policies could impact the competitiveness of natural gas as a fuel source. For instance, a limitation or ban on extraction methods like fracking, could have a negative impact on the availability and price of natural gas and may adversely affect the growth of the alternative fuel automobile markets. Additionally, an increase in the economic incentives for other fuel sources or BEVs, such as through the subsidization of other fuel sources or higher permitted weight limits for BEVs or FCEVs or the reduction or elimination of the higher permitted weight limits for

natural gas vehicles, could make our products less competitive. Such changes in regulations and policies could materially and adversely affect our business, prospects, financial condition and operating results.

Our business could be negatively affected by unfavorable changes to federal or state tax laws or the adoption of federal or state laws or regulations mandating new or additional limits on the production of GHG emissions, the cost of natural gas and "tailpipe" emissions.

Federal or state laws or regulations may be adopted that would impose new or additional limits on the emissions of GHG. The potential effects of GHG emission limits on our business are subject to significant uncertainties based on, among other things, the timing of the implementation of any new requirements, the required levels of emission reductions, the nature of any market-based or tax-based mechanisms adopted to facilitate reductions, the relative availability of GHG emission reduction offsets, the development of cost-effective, commercial-scale carbon capture and storage technology and supporting regulations and liability mitigation measures, the range of available compliance alternatives, and

our ability to demonstrate that our products qualify as a compliance alternative under any new statutory or regulatory programs to limit GHG emissions. If our solutions are not able to meet future GHG emission limits or perform as well as BEV, FCEV or other alternative fuel vehicles, for instance due to unavailability of RNG in a particular area, a decline in RNG production, an increase in RNG cost, a decrease in credits for RNG or an increase in our cost, our solutions could be less competitive. Additionally, federal, state or road taxes could be added to natural gas fuel, which would increase the operating cost of our products. Furthermore, additional federal or state taxes could be implemented on "tailpipe" emissions, which would have a negative impact on the cost of our products and a positive impact on the cost of BEVs and FCEVs relative to our solutions. Such new federal or state laws or regulations could have a material adverse impact on our business, prospects, financial condition and operating results.

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.

Our electrified powertrain solutions, and the sale of motor vehicles in general, our outsourcing partners and our suppliers are or may be subject to substantial regulation under international, federal, state and local laws. We continue to evaluate requirements for licenses, approvals, certificates and governmental authorizations necessary to manufacture, sell, or service our electrified powertrain solutions KARNO generator in the jurisdictions in which we plan to operate and intend to take such actions necessary to comply. We may experience difficulties in obtaining or complying with various licenses, approvals, certifications and other governmental authorizations necessary to manufacture, sell or service their electrified powertrain solutions in any of these jurisdictions. 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. For example, if the battery packs installed in our electrified powertrain solutions are deemed to be transported, we will need to comply with the mandatory regulations governing the transport of "dangerous goods," and any deficiency in compliance may result in us being prohibited from selling our electrified powertrain solutions until compliant batteries are installed. Additionally, although we do not believe that our current after-market Hybrid system is required to obtain certifications from the EPA in the event that regulators determine that certifications are necessary, we may be prohibited from selling our Hybrid system until such time as we obtain the required certifications. Any such required changes to our battery packs or Hybrid system will require additional expenditures and may delay the shipment of vehicles. In addition, regulations related to the electric and alternative energy vehicle industry are evolving and we face risks associated with changes to these regulations.

To the extent the laws change, our electrified powertrain solutions and our suppliers' products may not comply with applicable international, federal, state or local laws, which would have an adverse effect on our business. 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.

We intend to use our in-vehicle services and functionality to log information about each vehicle's use in order to aid us in vehicle diagnostics and servicing. Our customers or their drivers may object to the use of this data, which may increase our vehicle maintenance costs and harm our business prospects. 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 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 electrified powertrain solutions 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, 2022 December 31, 2023, the Company had total equity of \$423.6 million \$306.3 million, inclusive of cash and cash equivalents of \$119.5

million \$12.9 million and total investments of \$302.3 million \$278.5 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 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 leases or utilize 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, expire, if at all. As of December 31, 2022 December 31, 2023, we had U.S. federal net operating loss carryforwards of approximately \$229.5 million \$297.9 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. It is uncertain if and to what extent various states will conform to the Tax Act or the CARES Act.

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. No 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 such ownership changes have occurred through December 31, 2022. 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 for which we may apply, are applied for. As a result, our business, prospects, financial condition and operating results may be adversely affected.

We anticipate applying 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 and related technologies. We anticipate that in the future there will 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 our 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, 2022 December 31, 2023, our executive officers, directors and their respective affiliates, as a group, beneficially owned approximately 22.2% 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 continued listing requirements could result in the delisting of our common stock.

Our common stock is listed on the New York Stock Exchange (the "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

ending on the last trading day of that month or on the last day 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 the NYSE under the symbol "HYLN" during this period, subject to our compliance with the other continued listing requirements of the NYSE. Failure to satisfy the conditions of the cure period or to maintain other listing requirements could lead to delisting.

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. If our common stock is delisted from the NYSE, 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 (including the batteries we design, develop and manufacture) prove to be defective or noncompliant with applicable federal motor vehicle 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 have been, and may in the future be, adversely affected by the global COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, which may significantly harm our business, prospects, financial condition and operating results.

Since early 2020, there have been periods of widespread worldwide impact from the COVID-19 pandemic, and we have been, and may in the future be, adversely affected as a result. Numerous government regulations and public advisories, as well as shifting social behaviors, temporarily limited or closed non-essential transportation, government functions, business activities and person-to-person interactions. Reduced operations and production line shutdowns at commercial vehicle OEMs due to COVID-19, limitations on travel by our personnel and personnel of our customers and increased demand for commercial trucks within our customers' fleets caused a delay to the planned installation of our Hybrid system on their trucks. A resurgence of COVID-19 and related variants could result in similar restrictions to normal business activity in the future and cause delays or shutdowns of commercial vehicle OEMs or our suppliers that could impact our ability to meet customer orders.

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.

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 annual cybersecurity assessment with the help of third-party specialists, which is expected to be completed in the first quarter of 2024. 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 and the audit committee of the Board has responsibility for the oversight of cybersecurity threats and incidents and reviews the Company's programs and policies on an annual basis. The Company's Chief Financial Officer has prior management experience in overseeing technology infrastructure and cybersecurity.

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 we design, develop, prototype and perform low volume assembly and installation of our electrified powertrain systems and components. 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. We also lease an approximately 12,000 30,000 square foot facility in West Chester, Milford, Ohio near, Cincinnati, Ohio, where we design and develop the KARNO technology. Our lease of the Ohio facility expires in September 2023.

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 17 14 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 under the symbol "HLYN." Prior to the consummation of the Business Combination, our common stock was listed on the NYSE under the symbol "SHLI." "HLYN."

Holders

As of February 17, 2023 February 6, 2024, there were 84 were 74 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. We may retain future earnings, if any, for future operations, expansion and debt repayment and have no current plans to pay cash dividends for the foreseeable future. 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 the foreseeable future.

Issuer Purchases of Equity Securities

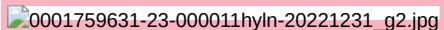
The following table provides information regarding repurchases of our Common Stock Performance Graph during the quarter ended December 31, 2023:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
			Plans or Programs ⁽¹⁾	Plans or Programs ⁽²⁾
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
Total	37,062		37,062	

¹ 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.

² This performance graph shall not 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 deemed "filed" for purposes of Section 18 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, as amended (the "Exchange Act"), or incorporated by reference into any filing through privately negotiated transactions. The timing, manner, price and amount of Hyliion under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall repurchases will be expressly set forth by specific reference in such filing.

The following graph shows a comparison, from January 1, 2020 through December 31, 2022, of the cumulative total return on determined at our common stock, the NASDAQ Composite Index discretion and the S&P American SmallCap Capital Goods Index. Data share repurchase program may be suspended, terminated or modified at any time for the NASDAQ Composite Index and the S&P American SmallCap Capital Goods Index assumes an investment of \$100 on January 1, 2020 and reinvestment of dividends, 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.

For discussion related to changes in financial condition and the results of operations for fiscal year 2020-related items, refer to Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for fiscal year 2021, which was filed with the Securities and Exchange Commission on February 24, 2022.

Comparability of Financial Information

Our historical operations and statements of assets and liabilities may not be comparable to our operations and statements of assets and liabilities as a result of the Business Combination and becoming a public company.

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, 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 Drivetrain Solutions

We began selling our Hybrid system focus in the fourth quarter of 2021 and sales continued throughout 2022. Our first early 2023 was on continuing development Hypertruck ERX showcase unit was unveiled on August 31, 2021 at the ACT Expo in Long Beach, California and throughout 2021 and 2022 we've offered potential customers the opportunity to experience its operation in demonstration events and in real-world applications hauling freight for shippers.

The Hybrid system offers fleets a solution that is easy to install, service and operate. It draws upon the real-world feedback we have received from customers and the millions of miles logged with the system. Due to shortages of various components caused by global supply chain disruptions, we experienced longer delivery times for a portion of the orders we received on new Hybrid systems in 2022. In addition, we continually assess the potential demand impact for the Hybrid system offering in light of recent changes within the competitive landscape.

In November 2021, we began our Hypertruck ERX roadshow, which consists of numerous technology fleet experiences focused on demonstrating the features and benefits of the electric powertrain firsthand. The roadshow consists of "Ride and Drive" events and in-depth product education of the Hypertruck ERX system's features and benefits, including how it enables fleet decarbonization goals while also reducing total cost of ownership. Our development timeline is expected to extend into late 2023 to allow for design verification and testing inclusive of critical summer our fuel-agnostic KARNO stationary generator and winter seasons, fleet trials deploying initial revenue-generating units with customers as well as the accumulation of up to one million miles of operation prior to production.

During 2022 we made significant progress achieving a series of milestones on a development roadmap that we first laid out in late 2021. We completed assembly of the first verification vehicles early in the year that we subsequently used for design validation, on-road testing, customer Ride and Drive events and controlled fleet trials with customers. We successfully completed summer testing of the Hypertruck ERX system by taking four vehicles to Davis Dam in Arizona where they were subjected to rigorous operation, hauling heavy loads up steep grades and over long distances in temperatures of up to 110 degrees Fahrenheit.

We also deployed verification vehicles into controlled fleet trials with customers, where the trucks are used in standard freight hauling operations with the fleets' customers. Fleet trials provide the opportunity for Hylion engineers and technicians to

closely monitor vehicles operations and obtain feedback from drivers on how well the powertrain functions. Late in 2022, we began subjecting verification vehicles to winter testing where we observe system operation in extremely cold conditions.

Prior to beginning commercialization of the Hypertruck ERX system, which is expected in late 2023, we will complete winter testing, expanded fleet trials with more trucks and more customers and complete required certifications with the California Air Resources Board, the U.S. Environmental Protection Agency, and the National Highway Traffic Safety Administration.

Supply chain constraints in 2022 were widespread in the trucking industry, causing shortages of semiconductors and other key components needed for truck production and extending delivery times for new trucks into 2023. We placed orders with Peterbilt for all chassis needed in 2022 early in the year and secured build slots for the 2023 calendar year to mitigate future potential supply chain impacts to our Hypertruck ERX development and production schedule. We continue to work closely with our current supply base to improve delivery of components for the quarters ahead and are diligently seeking alternative sources of supply for components that meet our technical specifications with shorter lead times.

In late 2023, we plan to first release the Hypertruck ERX system into commercial production leveraging a natural gas engine as the onboard generator. In the years following, we plan to release the Hypertruck KARNO, our fuel agnostic variant, as the second phase in the Hylion journey to a hydrogen-based future. We will also explore other adjacent markets to leverage the KARNO technology for cost savings and emissions reductions.

2024. We anticipate that a substantial portion of our capital resources and efforts in the near future will be focused on the continued development and commercialization of our drivetrain solutions and for working capital purposes as we ramp up production volumes of the Hypertruck ERX system, 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 results of validation, the pace at which we introduce initial generator units to the market, our research and development efforts, strategies for manufacturing KARNO generator components (whether in-house or through outsourcing to third parties), the breadth range of product offerings we plan to commercialize, the pace of sales bring to market and production growth, as well as external market factors that are outside of beyond our control.

Customer Demand

In 2022, we announced our Founders Program, which enables customers who have committed to our first 210 Hypertruck ERX units to receive an expanded level of service, fueling, maintenance, and operating support as the trucks become available late in 2023. We believe the Founders Program will give customers a greater level of confidence as they shift from diesel-powered trucks to trucks with an electrified powertrain. We also believe that the successful completion of testing, validation, and certification work we are doing ahead of the Hypertruck launch will be an inflection point for orders as some customers are waiting for final development and certification before placing orders. As these milestones are achieved, we expect to continue to grow our order backlog for additional truck deliveries in 2024 and beyond. We continue to assess leaders in industry and sustainability initiatives for inclusion in other early adopter programs.

The Inflation Reduction Act of 2022 was signed into law in August 2022, under which the Hypertruck ERX system will qualify fleets to receive a 30% tax credit up to \$40,000 per vehicle adopted. We expect this incentive to drive further interest in and demand for the Hypertruck ERX system.

We began selling the Hybrid system in the fourth quarter of 2021 and generated \$2.1 million in revenue in 2022 from selling Hybrid systems, where our powertrain technology is retrofitted onto existing trucks, and full trucks with the Hybrid system pre-installed. We expect a similar level of demand for our Hybrid system inclusive of Class 8 semi-trucks outfitted with the Hybrid system in 2023 that we saw in 2022 as customer assess various competing options for electrified powertrains and as the date of commercialization for the Hypertruck ERX system approaches.

Key Components of Statements of Operations

Revenue

We currently generate historically generated revenues from sales of Hybrid systems for Class 8 semi-trucks and limited quantities of Class 8 semi-trucks outfitted with the 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 commercialization of our KARNO generators.

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.

Research and Development Expense

Research and development 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 activities;
- fees paid to third parties such as contractors for outsourced engineering services and to consultants;
- expenses related to truck components for development and test vehicles, testing, materials, supplies and other third-party services;
- depreciation for equipment used in research and development 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 activities to achieve operational and commercial goals and as we develop new platforms that incorporate our Hypertruck ERX system 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 SG&A 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.

We expect 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. These costs are a result of the Plan approved on November 7, 2023 to wind down our selling, general and administrative expenses powertrain business to remain relatively flat in better align its workforce with the near term or increase slowly compared to 2022 spending levels. Company's future needs.

Other Income (Expense)

Other income currently consists primarily of interest income earned on our investments. As a result of our acquisition of the KARNO generator technology, we plan to assume a government contract with the United States Office of Naval Research that is not expected to have a material impact on our business. We plan to seek additional government contracts in the future and may reassess the classification of such contracts as revenue based on business strategy.

Results of Operations

Comparison of Years Ended December 31, 2022 December 31, 2023 and 2021 2022

The following table summarizes our results of operations on a consolidated basis for the years ended **December 31, 2022** **December 31, 2023** and **2021** **2022** (in thousands, except share and per share data):

		<u>Year Ended December 31,</u>					
		2022	2021	\$ Change	% Change		
		<u>Year Ended December 31,</u>					
		2023	2023	2023	2023		
Revenues		Revenues				2022	
Product sales and other							
Product sales and other							
Product sales and other	Product sales and other	\$ 2,106	\$ 200	\$ 1,906	953.0 %	\$ 672	\$ 2,106
Total revenues	Total revenues	2,106	200	1,906	953.0 %	672	2,106
Total revenues							
Total revenues							
Cost of revenues	Cost of revenues						
Product sales and other							
Product sales and other	Product sales and other	8,778	2,737	6,041	220.7 %	1,716	8,778
Product sales and other							
Product sales and other							
Total cost of revenues	Total cost of revenues	8,778	2,737	6,041	220.7 %	1,716	8,778
Total cost of revenues	Total cost of revenues	8,778	2,737	6,041	220.7 %	1,716	8,778
Gross loss	Gross loss	(6,672)	(2,537)	(4,135)	163.0 %	Gross loss	(1,044)
Operating expenses	Operating expenses						
Research and development							
Research and development	Research and development	110,370	58,261	52,109	89.4 %	82,240	110,370
Selling, general and administrative expenses							
Selling, general and administrative expenses	Selling, general and administrative expenses	41,988	35,299	6,689	18.9 %	42,611	41,988
Research and development							
Research and development							
Selling, general and administrative							
Exit and termination costs							
Total operating expenses	Total operating expenses	152,358	93,560	58,798	62.8 %	11,474	—
Loss from operations	Loss from operations	(159,030)	(96,097)	(62,933)	65.5 %	Loss from operations	(137,369)
Interest income	Interest income	5,724	779	4,945	634.8 %	—	21,661
							11,474
							(16,033)
							152,358
							(159,030)
							21,661

Loss on impairment and disposal of assets	(19)	(730)	711	(97.4)%			
Interest income							
Interest income					13,808	5,724	8,0
Gain (loss) on impairment and disposal of assets					Gain (loss) on impairment and disposal of assets		
					1	(19)	
Other expense, net	(32)	—	(32)	N/A			
Other income (expense), net							
Other income (expense), net					50	(32)	
Net loss	Net loss	\$ (153,357)	\$ (96,048)	\$ (57,309)	59.7 %		
Net loss					\$ (123,510)	\$ (153,357)	\$ 29,8
Net loss per share, basic and diluted	Net loss per share, basic and diluted	\$ (0.87)	\$ (0.56)	\$ (0.31)	55.4 %		
Net loss per share, basic and diluted							
Net loss per share, basic and diluted					\$ (0.68)	\$ (0.87)	\$ 0
Weighted-average shares outstanding, basic and diluted	Weighted-average shares outstanding, basic and diluted	175,400,486	172,216,477	3,184,009	1.8 %		
Weighted-average shares outstanding, basic and diluted							
Weighted-average shares outstanding, basic and diluted					181,411,069	175,400,486	6,010,5

Revenue

Sales increased \$1.9 million, driven by sales associated with our Hybrid products. We continue products decreased \$1.4 million. As a result of our strategic review and decision to pursue the sale wind down our powertrain business, we do not anticipate further revenue until we begin commercialization of both Hybrid systems as well as complete vehicles installed with our Hybrid system, KARNO generator.

Cost of Revenues

Cost of revenues increased \$6.0 million, driven by costs associated with sales of our Hybrid systems. We expect a difference in timing between recognition of revenues and cost of revenues due to write-down of inventory to net realizable value in periods prior to sales. products decreased \$7.1 million. The increase decrease in cost of revenues includes:

- Inventory A decrease in inventory write-downs of \$3.2 million \$4.5 million attributable to inventory on hand that had a cost higher than its expected net realizable value; value as we purchased less inventory in the current year;
- Costs A decrease in costs associated with sales of Hybrid systems and class 8 semi-trucks of \$2.2 million; and
- Warranty A decrease in warranty costs of \$0.6 million \$0.4 million for estimated costs to administer and maintain the warranty program for labor, transportation and parts, excluding any contribution from vendors. vendors as we sold fewer Hybrid systems in the current year.

Research and Development

Research and development expenses increased \$52.1 million primarily decreased \$28.1 million due to:

- \$28.8 million A decrease of \$28.8 million related to acquisition of hydrogen and fuel agnostic capable generator KARNO technology ("KARNO") acquired in September 2022 from General Electric Company's GE Additive business to develop and commercialize the fuel-agnostic Hypertruck KARNO; fuel agnostic KARNO generator; and
- An increase A decrease of \$19.0 million \$13.4 million for the design and testing of our Hypertruck ERX system including an increase in expenses related to components, services and personnel as we build out our engineering, operations and supply chain teams and associated capabilities; and system; offset by

- An increase of ~~\$3.4 million~~ \$14.1 million for the design and testing of our ~~Hypertruck~~ KARNO system, stationary generator.

Selling, General and Administrative

Selling, general, and administrative expenses increased ~~\$6.7 million~~ \$0.6 million primarily due to:

- An increase of \$1.3 million in professional services and other one-time charges; and
- An increase of \$1.2 million in personnel and benefits, offset by costs related to the prior-year departure of ~~\$5.7 million~~ and software costs of ~~\$1.8 million~~ as we continue to grow our sales and other functions, including expenses associated with CFO transition; previous Chief Financial Officer; partially offset by
- A decrease of ~~\$0.5 million~~ \$2.3 million for marketing insurance costs.

Exit and advertising. Termination Costs

Exit and termination costs of ~~\$11.5 million~~ were a result of the strategic plan and items discussed in Note 2 of the notes to the consolidated financial statements.

Other Income (Expense) (Expense)

Total other income increased ~~\$5.6 million~~ primarily \$8.2 million primarily due to:

- An increase of \$4.9 million in interest income on investments; and
- A loss on impairment and disposal of assets of ~~\$0.7 million~~ for the year ended December 31, 2021, investments.

Cash Flows

Net cash, cash equivalents and restricted cash provided by or used in operating activities, investing activities and financing activities for 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,	
		2022	2021
		Year Ended December 31,	
		2023	2023
Cash from operating activities	Cash from operating activities	\$(116,877)	\$(80,502)
Cash from investing activities	Cash from investing activities	(22,022)	(65,991)
Cash from financing activities	Cash from financing activities	(78)	15,898
		\$(138,977)	\$(130,595)
		\$	\$

Cash from Operating Activities

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 ~~noncash~~ 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, 2021 December 31, 2023, cash flows used in operating provided by investing activities were ~~\$80.5 million~~ \$18.3 million. Cash used primarily related to a net loss the purchase of ~~\$96.0 million~~ investments totaling ~~\$189.7 million~~ and property and equipment of ~~\$7.4 million~~, adjusted for ~~\$4.2 million~~ changes in working capital accounts and ~~\$11.4 million~~ in certain non-cash expense (including ~~\$4.9 million~~ related to share-based compensation, ~~\$2.3 million~~ related to inventory write-downs, ~~\$1.8 million~~

related to amortization offset by the sale or maturity of investment premiums and discounts, \$0.9 million related to depreciation and amortization, \$0.7 million related to non-cash lease expense and \$0.7 million related to loss on impairment or disposal investments of assets \$215.4 million.

Cash from Investing Activities

For the year ended December 31, 2022, cash flows used in investing activities were \$22.0 million. Cash used primarily related 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

For the year ended December 31, 2021 December 31, 2023, cash flows used in investing financing activities were \$66.0 million. Cash used primarily related to the purchase of investments totaling \$317.8 million, partially offset by the sale or maturity of investments of \$254.2 million.

Cash from Financing Activities 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.

For the year ended December 31, 2021, cash flows provided by financing activities were \$15.9 million. Cash flows were primarily due to proceeds from the exercise of warrants of \$16.3 million and proceeds from the exercise of common stock options of \$0.6 million, partially offset by repayment of \$0.9 million from a Paycheck Protection Program loan.

Liquidity and Capital Resources

At December 31, 2022 December 31, 2023, our current assets were \$324.2 million \$181.7 million, consisting primarily of cash and cash equivalents of \$119.5 million \$12.9 million, short-term investments of \$193.7 million \$150.3 million, and prepaid expenses of \$9.8 million \$18.5 million. Our current liabilities were \$14.7 million \$15.1

million primarily comprised of accounts payable, accrued expenses and operating lease liabilities. We also had \$128.2 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 as of December 31, 2022 at December 31, 2023 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 Hypertruck ERX product costs associated with KARNO generator development costs and components purchased the exit from our powertrain business. Longer term, our capital needs will be determined by our go-to-market strategy, which may include development of our own KARNO generator manufacturing capacity or outsourcing this work to support 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 in common stock during the stated start year ended December 31, 2023. Based on current projections of production, as well as operating expenses, capital spending, working capital growth and production share repurchases, we expect to have between \$220 and related costs \$230 million in cash, short-term and long-term investments remaining on our balance sheet at the end of Hybrid systems and KARNO development. We plan to stay asset-light and utilize third parties to perform assembly and manufacturing as we scale. 2024.

We expect to continue to incur net losses in the short term, as we continue to execute on our strategic initiatives by (i) completing the development and commercialization of the electrified drive systems for Class 8 semi-trucks, (ii) scaling the Company's operations to meet KARNO generator with anticipated demand and (iii) hiring personnel. Further, we plan to develop and commercialize the fuel agnostic Hypertruck KARNO with an anticipated commercial launch a few years after the Hypertruck ERX. initial customer deployments in late 2024. However, actual results could vary materially and negatively 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 and results of our research and development efforts, the breadth of product offerings we plan to commercialize, the pace of sales, and our long-term plan manufacturing plan for the KARNO generator including plans for financing additive printer investments, as well as factors that are outside of our control.

During the periods presented, we did not have any relationships 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 electrified powertrain systems for long haul Class 8 semi-trucks. the KARNO generator. We primarily use cash for research and development activities, capital investments and general and

administrative costs.

Our cash requirements beyond twelve months include:

- **Operating and Finance Leases** — Refer to Note 119 of the notes to the consolidated financial statements for further information of our obligations and the timing of expected payments.
- **Warranties** — Refer to Note 15 of the notes to the consolidated financial statements for further information of our obligations. We expect to recognize these costs over a period up to two years from the sale of each Hybrid powertrain system.
- **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, 2022 December 31, 2023, 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 23 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 is was historically comprised of sales of Hybrid systems for Class 8 semi-trucks, Class 8 semi-trucks outfitted with Hybrid systems and specific other features and services that meet met the definition of a performance obligation, including internet connectivity and data processing. We provide provided installation services for the Hybrid system onto the customers' vehicle. The Company's products are were marketed and sold to end-user fleet customers in North America. When our contracts with customers contain contained multiple performance obligations and where material, the contract transaction price is was allocated on a relative standalone selling price basis to each performance obligation.

We recognize 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. Contracts are were reviewed for significant financing components and payments are were typically received within 30 days of delivery. The sale of a Hybrid system to an end-use fleet customer consists consisted of a completed modification to the customer vehicle and the installation services involve involved significant integration of the Hybrid system with the customer's vehicle. Installation services are were not distinct within the context of the contract and together with the sale of the Hybrid system represent represented a single performance obligation. We do did not offer any sales returns. Amounts billed to customers related to shipping and handling are 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. In the fourth quarter of fiscal 2021, we began taking deposits to secure future Hypertruck ERX production slots.

When a Class 8 semi-truck outfitted with a Hybrid system is was resold to a customer, judgment is was required to determine if we are were the principal or agent in the arrangement. We consider considered factors such as, but not limited to, which entity has had the primary responsibility for fulfilling the promise to provide the specified good or service, which entity has had inventory risk before the specified good or service has had been transferred to a customer and which entity has had discretion in establishing the price for the specified good or service. We have determined that we are were the principal in transactions involving the resale of Class 8 semi-trucks outfitted with the Hybrid system. We are in early stages of development, continue to refine our business plans and consider the resale of Class 8 semi-trucks outfitted with Hybrid systems to constitute ordinary activities from our ongoing major or central operations.

We have had limited sales history of our Hybrid systems and therefore are 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. We expect to refine our sales processes, contracts and services as our business matures. Should our business plans, estimates or assumptions change, a revision to the recognition of revenue may be required including recording receipts from sales of Class 8 semi-trucks as non-operating income in future periods.

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 to a production phase for our Hybrid system product. Certain costs Through December 31, 2023, we have not yet commercialized the KARNO generator. Costs incurred for components acquired prior to our determination of reaching a commercial stage were previously expensed as research and development

costs, resulting in zero cost basis for those components, which affected the

components. As a result, moving-average price. However, after prices for inventory impairments recognized on December 31, 2021, inventory values and that is capitalized in future inventory moving average prices will not periods may be significantly affected by those zero cost items. Our current projected costs of production for inventory items exceeds our sales prices.

Warranties

We provide historically provided limited assurance-type warranties under our contracts and do not offer extended warranties. We plan 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

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. Future share-based compensation cost will increase to the extent that we grant additional share-based awards to employees and nonemployees. 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 and selling, general and administrative expenses.

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, 2022 December 31, 2023, we had federal net operating loss carryforwards of \$229.5 million \$297.9 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 \$4.1 million \$4.7 million that begin to expire in 2037.

Under Section 382 of Deferred tax assets are regularly assessed to determine the Code, substantial changes in our ownership may result in an annual limit on the amount of net operating loss carryforwards that could likely 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 ownership changes occurred in 2017 and 2021. 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 realized from future taxable income. The ownership changes 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 2021 will not limit usage 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 net operating losses. No other such ownership changes have occurred through December 31, 2022, 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 this, as well as our overall profitability estimate as noted above, cumulative losses over recent years and based on all available positive and negative evidence, we have recorded determined that it is not more likely than not that our net deferred tax assets will be realizable as of December 31, 2023. We intend to continue maintaining a full valuation allowance related to on our net operating loss carryforwards and other deferred tax assets due until there is sufficient evidence to support the uncertainty reversal of all or some portion of these allowances. A release of the ultimate realization 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 future benefits of those assets, 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 23 – Summary of Significant Accounting Policies* in the notes to the 2022 2023 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 exposed a smaller reporting company as defined in Rule 12b-2 under the Exchange Act. As a result, pursuant to a variety Item 305(e) of market and other risks, including the effects of changes in interest rates and inflation, as well as risks to the availability of funding sources, hazard events and specific asset risks.

Interest Rate Risk

We hold cash and cash equivalents for working capital purposes. As of December 31, 2022, Regulation S-K, we had a cash balance of \$119.5 million, consisting of operating and money market accounts, which are not affected required to provide the information required by changes in the general level of U.S. interest rates. We do not have material exposure to interest rate risk with respect to cash and cash equivalents as these are all highly liquid investments with a maturity date of 90 days or less at the time of purchase.

A hypothetical change in prevailing interest rates of 10 basis points would have increased or decreased our unrealized gain or loss on our short-term and long-term investments for the years ended December 31, 2022 and 2021 by \$0.2 million and \$0.1 million, respectively.

Inflation Risk

We do not believe that inflation currently has a material effect on our business. Inflation may become a greater risk in the event of changes in current economic and governmental fiscal policy, this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Hylion Holdings Corp.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Hylion Holdings Corp. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 28, 2023 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB 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. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of We determined there were no critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of IPR&D

As described further in Note 3 to the financial statements, in September 2022 the Company acquired certain assets of General Electric Company's GE Additive business. As a result of the Acquisition, the Company acquired in-process research and development ("IPR&D") with an estimated fair value of \$28.8 million. We identified the valuation of IPR&D as a critical audit matter.

The principal considerations for our determination that performing procedures relating to the valuation of acquired IPR&D is a critical audit matter are the high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions used in developing the revenue growth rate and discount rate related to the acquired IPR&D. In addition, there is limited historical information available to evaluate the reasonableness of the revenue growth rate and discount rate.

Our audit procedures related to the valuation of acquired IPR&D included the following:

- We tested the operating effectiveness of controls relating to accounting for the transaction, including management's valuation of acquired IPR&D and the development of the revenue growth rate and discount rate.
- We evaluated the reasonableness of the revenue growth rate by comparing to external market and industry data, as well as to evidence obtained in other areas of the audit.
- We utilized an internal valuation specialist to assist in evaluating the appropriateness of management's valuation methodology and the reasonableness of the discount rate.
- We evaluated the qualifications of the third-party valuation firm engaged by the Company based on their knowledge, skill, and ability.

/s/ GRANT THORNTON LLP

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

Dallas, Texas
February 28, 2023 13, 2024

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

		December 31,			
		2022	2021		
		December 31,			
		2023	2023	December 31,	
Assets	Assets			2023	2022
Current assets	Current assets				
Current assets					
Current assets					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	\$119,468	\$258,445		
Accounts receivable, net	Accounts receivable, net	1,136	70		
Inventory	Inventory	74	114		
Prepaid expenses and other current assets	Prepaid expenses and other current assets	9,795	9,068		
Short-term investments	Short-term investments	193,740	118,787		
Total current assets	Total current assets	324,213	386,484		
Property and equipment, net	Property and equipment, net	5,606	2,235		
Property and equipment, net					
Property and equipment, net					
Operating lease right-of-use assets	Operating lease right-of-use assets	6,470	7,734		
Intangible assets, net	Intangible assets, net	200	235		
Other assets	Other assets	1,686	1,535		
Long-term investments	Long-term investments	108,568	180,217		
Total assets	Total assets	\$446,743	\$578,440		
Liabilities and stockholders' equity	Liabilities and stockholders' equity				
Liabilities and stockholders' equity					
Current liabilities	Current liabilities				
Current liabilities					
Current liabilities					
Accounts payable					
Accounts payable					
Accounts payable	Accounts payable	\$ 2,800	\$ 7,455		

Current portion of operating lease liabilities	Current portion of operating lease liabilities	347	21
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	11,535	7,759
Total current liabilities	Total current liabilities	14,682	15,235
Operating lease liabilities, net of current portion	Operating lease liabilities, net of current portion	6,972	8,623
Operating lease liabilities, net of current portion	Operating lease liabilities, net of current portion		
Operating lease liabilities, net of current portion	Operating lease liabilities, net of current portion		
Other liabilities	Other liabilities	1,515	667
Total liabilities	Total liabilities	23,169	24,525
Commitments and contingencies (Note 17)	Commitments and contingencies (Note 14)		
Commitments and contingencies (Note 14)	Commitments and contingencies (Note 14)		
Commitments and contingencies (Note 14)	Commitments and contingencies (Note 14)		
Stockholders' equity	Stockholders' equity		
Common stock, \$0.0001 par value; 250,000,000 shares authorized; 179,826,309 and 173,468,979 shares issued and outstanding at December 31, 2022 and 2021, respectively		18	17
Stockholders' equity	Stockholders' equity		
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			
Additional paid-in capital	Additional paid-in capital	397,810	374,795
Retained earnings		25,746	179,103

Treasury stock, at cost; 37,062 and no shares as of December 31, 2023 and 2022, respectively	
(Accumulated deficit) retained earnings	
Total stockholders' equity	<u>Total stockholders' equity</u> <u>423,574</u> <u>553,915</u>
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity <u><u>\$446,743</u></u> <u><u>\$578,440</u></u>

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			
Revenues			
Revenues			
Revenues			
Product sales and other			
Product sales and other			
Product sales and other			
Total revenues			
Total revenues			
Total revenues			
Cost of revenues			
Cost of revenues			
Cost of revenues			
Product sales and other			
Product sales and other			
Product sales and other			
Total cost of revenues			
Total cost of revenues			
Total cost of revenues			
Gross loss			
Gross loss			
Gross loss			
Operating expenses			
Operating expenses			
Operating expenses			
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			
Loss from operations			
Loss from operations			
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			
Other income (expense), net			
Other income (expense), net			
Other income (expense), net			
Net loss			
Net loss			
Net loss			
		Year Ended December 31,	
	2022	2021	2020
Revenues			
Product sales and other	\$ 2,106	\$ 200	\$ —
Net loss per share, basic and diluted			
Total revenues	2,106	200	—
Cost of revenues			
Product sales and other	8,778	2,737	—
Total cost of revenues	8,778	2,737	—
Gross loss	(6,672)	(2,537)	—
Operating expenses			
Research and development	110,370	58,261	12,598
Selling, general and administrative expenses	41,988	35,299	9,585
Total operating expenses	152,358	93,560	22,183
Loss from operations	(159,030)	(96,097)	(22,183)
Interest expense	—	—	(5,465)
Interest income	5,724	779	6
Loss on impairment and disposal of assets	(19)	(730)	—

Change in fair value of convertible notes payable derivative liabilities	—	—	(1,358)
Change in fair value of warrant liabilities	—	—	363,299
Other expense, net	(32)	—	(12)
Loss on extinguishment of debt	—	—	(10,170)
Net (loss) income	\$ (153,357)	\$ (96,048)	\$ 324,117
Net (loss) income per share, basic	<u>\$ (0.87)</u>	<u>\$ (0.56)</u>	<u>\$ 3.11</u>
Net loss per share, diluted	<u>\$ (0.87)</u>	<u>\$ (0.56)</u>	<u>\$ (0.35)</u>
Net loss per share, basic and diluted			
Weighted-average shares outstanding, basic	<u>175,400,486</u>	<u>172,216,477</u>	<u>104,324,059</u>
Weighted-average shares outstanding, diluted	<u>175,400,486</u>	<u>172,216,477</u>	<u>112,570,960</u>
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		Stockholders' Equity				(Accumulated Deficit) Retained Earnings	Total Stockholders' Equity
	Shares		Common Stock		Treasury Stock	Additional Paid-In Capital		
	Shares	Par Value	Additional Capital	Retained Earnings	Stockholders' Equity (Deficit)			
Balance at December 31, 2019	86,762,463	\$ 9	\$ 30,888	\$ (48,966)	\$ (18,069)			
Exercise of common stock options	1,112,160	—	121	—	121			
Conversion of convertible notes payable to common stock	4,404,367	—	44,039	—	44,039			
Business Combination and PIPE financing	61,622,839	6	153,147	—	153,153			
Common stock issued for warrants exercised, net of issuance cost	15,414,592	4	136,512	—	136,516			
Redemption of unexercised warrants	—	—	(3)	—	(3)			
Share-based compensation	—	—	294	—	294			

Net income	—	—	—	324,117	324,117
Balance at December 31, 2020	169,316,421	19	364,998	275,151	640,168
Exercise of common stock options and vesting of restricted stock units, net	3,781,023	(2)	593	—	591
Common stock issued for warrants exercised, net of issuance costs	371,535	—	4,282	—	4,282
Share-based compensation	—	—	4,922	—	4,922
Net loss	—	—	—	(96,048)	(96,048)
Balance at December 31, 2021					
Balance at December 31, 2021					
Balance at December 31, 2021	Balance at December 31, 2021				
Issuance of common stock for acquisition	Issuance of common stock for acquisition	173,468,979	17	374,795	179,103
Exercise of common stock options and vesting of restricted stock units, net	Exercise of common stock options and vesting of restricted stock units, net	5,500,000	1	16,114	—
Share-based compensation	Share-based compensation	857,330	—	(78)	—
Net loss	Net loss	—	—	—	(153,357)
Balance at December 31, 2022	Balance at December 31, 2022	179,826,309	\$ 18	\$ 397,810	\$ 25,746
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					

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	Year Ended December 31,	Year Ended December 31,	Year Ended December 31,
Cash flows from operating activities			
Cash flows from operating activities			
Cash flows from operating activities			
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			
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)			
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:

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

Cash flows from investing activities

Cash flows from investing activities

Cash flows from investing activities

Purchase of property and equipment and other

Purchase of property and equipment and other

Purchase of property and equipment and other

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			
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			
Cash flows from financing activities			
Cash flows from financing activities			
Cash flows from financing activities			
		Year Ended December 31,	
	2022	2021	2020
Cash Flows from Operating Activities			
Net (loss) income	\$ (153,357)	\$ (96,048)	\$ 324,117
Adjustments to reconcile net (loss) income to net cash used in operating activities:			
Depreciation and amortization	1,227	884	850
Amortization of investment premiums and discounts	1,250	1,816	—
Loss on extinguishment of debt	—	—	10,170
Noncash lease expense	1,244	731	928
Inventory write-down	5,641	2,298	—
Loss on impairment and disposal of assets	19	730	—
Paid-in-kind interest on convertible notes payable	—	—	1,085
Amortization of debt discount	—	—	4,237
Share-based compensation	6,979	4,922	294
Provision for doubtful accounts	114	—	—
Change in fair value of convertible notes payable derivative liabilities	—	—	1,358
Change in fair value of warrant liability	—	—	(363,299)
Acquired in-process research and development (Note 3)	28,752	—	—
Change in operating assets and liabilities, net of effects of business acquisition:			
Accounts receivable	(1,180)	22	53
Inventory	(5,601)	(2,280)	(132)
Prepaid expenses and other assets	(571)	(475)	(8,150)
Accounts payable	(4,660)	5,319	734
Accrued expenses and other liabilities	4,571	2,155	5,764
Operating lease liabilities	(1,305)	(576)	(953)
Net cash used in operating activities	<u>(116,877)</u>	<u>(80,502)</u>	<u>(22,944)</u>
Cash Flows from Investing Activities			

Purchase of property and equipment and other	(2,885)	(2,380)	(311)
Proceeds from sale of property and equipment	152	45	22
Purchase of in-process research and development	(14,428)	—	—
Payments for security deposit, net	—	(29)	—
Purchase of investments	(268,584)	(317,807)	(237,851)
Proceeds from sale and maturity of investments	263,723	254,180	—
Net cash used in investing activities	(22,022)	(65,991)	(238,140)
Cash Flows from Financing Activities			
Business Combination and PIPE financing, net of issuance costs paid	—	—	516,454
Proceeds from exercise of stock warrants, net of issuance costs	—	16,257	124,536
Proceeds from convertible notes payable issuance and derivative liabilities	—	—	3,200
(Payments for)/proceeds from Paycheck Protection Program loan	—	(908)	908
Payments for deferred financing costs	—	—	(468)
Repayments on finance lease obligations	—	(42)	(247)
Proceeds from exercise of common stock options			
Proceeds from exercise of common stock options			
Proceeds from exercise of common stock options	79	591	121
Taxes paid related to net share settlement of equity awards	Taxes paid related to net share settlement of equity awards	—	—
Net cash (used in) provided by financing activities	(78)	15,898	644,504
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) increase in cash and cash equivalents and restricted cash	(138,977)	(130,595)	383,420
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, beginning of period	259,110	389,705	6,285	
Cash and cash equivalents and restricted cash, end of period	Cash and cash equivalents and restricted cash, end of period	\$ 120,133	\$ 259,110	\$ 389,705	
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

Hyliion Holdings Corp. is a Delaware corporation headquartered in Cedar Park, Texas, that designs and develops stationary power applications and electric powertrain systems. References to the "Company," "Hyliion," "we," or "us" in this report refer to Hyliion Holdings Corp. and its wholly-owned wholly owned subsidiary, unless expressly indicated or the context otherwise requires.

The Company designs and develops hybrid and fully electric powertrain systems for Class 8 semi-trucks, which modify semi-tractors into hybrid and range-extending electric vehicles, respectively. The Company's hybrid system utilizes intelligent electric drive axles with advanced algorithms and battery technology to optimize vehicle performance, enabling fleets to access an easy, efficient way to decrease fuel expenses, lower emissions and/or improve vehicle performance ("Hybrid"). The Hypertruck ERX™ system utilizes an intelligent electric powertrain with advanced algorithms to optimize emissions performance and efficiency with no new infrastructure required. The Hypertruck ERX system enables fleets to reduce the cost of ownership while providing the ability to deliver net-negative carbon emissions when fueled by renewable natural gas, and operate fully electric when needed. The Company recently launched its commercial Hybrid system, and the Hypertruck ERX system is in the design verification phase. The Company recently acquired new fuel agnostic capable generator technology with which it 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 Hypertruck KARNO board of directors (the "Board") determined that the Company would wind down operating the powertrain business. Hyliion 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

On October 1, 2020 (the "Closing Date"), Tortoise Acquisition Corp ("TortoiseCorp") entered into a business combination agreement (the "Business Combination") with each of the shareholders of Hyliion Inc. ("Legacy Hyliion"). Pursuant to the Business Combination, TortoiseCorp acquired all of the issued and outstanding shares of common stock from the Legacy Hyliion shareholders. In connection with the closing of the transaction, Tortoise Corp. changed its name to Hyliion Holdings Corp. For more information on this transaction see Note 4.

On the Closing Date, and in connection with the closing of the Business Combination, TortoiseCorp changed its name to Hyliion Holdings Corp. (the "Company" or "Hyliion") and the Company's common stock began trading on the New York Stock Exchange under the ticker symbol HYLN. Legacy Hyliion was deemed the accounting acquirer in the Business Combination based on an analysis of the criteria outlined in Accounting Standards Codification ("ASC") 805. The determination was primarily based on Legacy Hyliion's shareholders prior to the Business Combination having a majority of the voting interests in the combined company, Legacy Hyliion's board of directors comprising a majority of the board of directors of the combined company, Legacy Hyliion's existing shareholders' control over decisions regarding the election and removal of directors and officers of the combined company's board of directors, and Legacy Hyliion's senior management comprising the senior management of the combined company. Accordingly, for accounting purposes, the Business Combination was treated as the equivalent of Legacy Hyliion issuing stock for the net assets of TortoiseCorp, accompanied by a recapitalization. The net assets of TortoiseCorp are stated at historical cost, with no goodwill or other intangible assets recorded.

While TortoiseCorp was the legal acquirer in the Business Combination, because Legacy Hyliion was deemed the accounting acquirer, the historical financial statements of Legacy Hyliion became the historical financial statements of the combined company, upon the consummation of the Business Combination. As a result, the financial statements included in this report reflect (i) the historical operating results of Legacy Hyliion prior to the Business Combination; (ii) the combined results of TortoiseCorp and Legacy Hyliion following the closing of the Business Combination; (iii) the assets and liabilities of Legacy Hyliion at their historical cost; and (iv) the Company's equity structure for all periods presented.

In accordance with guidance applicable to these circumstances, the equity structure has been restated in all comparative periods up to the Closing Date, to reflect the number of shares of the Company's common stock, \$0.0001 par value per share, issued to Legacy Hyliion shareholders and Legacy Hyliion convertible noteholders in connection with the

recapitalization transaction. As such, the shares and corresponding capital amounts and earnings per share related to Legacy Hyliion redeemable convertible preferred stock and Legacy Hyliion common stock prior to the Business Combination have been retroactively restated as shares reflecting the exchange ratio established in the Business Combination.

The accompanying consolidated financial statements include the accounts of Hyliion Holdings Corp. and its wholly-owned wholly owned subsidiary. Intercompany transactions and balances have been eliminated upon consolidation. The consolidated financial statements and accompanying notes have been prepared in accordance 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.

Liquidity

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.

On October 1, 2020, the Company consummated the Business Combination and raised net proceeds of \$516.5 million net of transaction costs and expenses. 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 (see Note 9). At December 31, 2022 December 31, 2023, the Company had total equity of \$423.6 million \$306.3 million, inclusive of cash and cash equivalents of \$119.5 million \$12.9 million and total investments of \$302.3 million \$278.5 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 (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 Hyliion 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, and substantial ongoing wind-down activities remain.

The Plan included a reduction of the Company's workforce by approximately 175 people, or 67%, with some severance agreements that provide for continued services through various dates of the Company's fiscal year 2024. The Plan is expected to result in 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 \$11.5 million were incurred in the Company's fourth quarter of fiscal year 2023 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 accounts payable.

	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
	\$ —	\$ 9.4	\$ (1.8)	\$ 7.6

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 that may occur, including in connection with the implementation 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 cash flows and allocated between purchase of property and equipment and purchase of IPR&D under investing activities.

Note 2.3. Summary of Significant Accounting Policies

Use of Estimates and Uncertainty of the Coronavirus Pandemic

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 revenue recognition, inventory, warranties, acquisitions, disposals, income taxes, and valuation of share-based compensation, including the fair value of common stock prior to the Business Combination, 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.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared the coronavirus outbreak a pandemic. In mid-March 2020, United States ("U.S.") State Governors, local officials and leaders outside of the U.S. began ordering various "shelter-in-place" orders, which have had various impacts on the U.S. and global economies. The lingering impacts of the coronavirus pandemic primarily include ongoing shortages in the transportation industry supply chain.

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. 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 to manage the business and does not segment the business for internal reporting or decision making.

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 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, 2022	December 31, 2021	December 31, 2020	December 31, 2019
	December 31, 2023	December 31, 2023	December 31, 2023	December 31, 2023
Cash and cash equivalents	Cash and cash equivalents	\$ 119,468	\$ 258,445	\$ 389,705
Cash and cash equivalents				\$ 6,285
Restricted cash included in prepaid expenses and other current assets				
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	665	665	—
		\$ 120,133	\$ 259,110	\$ 389,705
		—————	—————	—————
Restricted cash included in other assets				\$ 6,285
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, 2022 December 31, 2023 and 2021, 2022, accounts receivable included amounts receivable from customers of \$0.0 million and \$1.1 million, and \$45.0 thousand, respectively. At December 31, 2022 December 31, 2023 and 2021, 2022, allowance for doubtful accounts on customer receivables were \$0.1 million \$0.0 million and nil, \$0.1 million, respectively.

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

	December 31,		
	2022	2021	2020
Customer A	82 %	100 %	— %
Customer B	—	—	—
Customer C	12	—	—
	94 %	100 %	— %

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses of Financial Instruments*, which, together with subsequent amendments, amends the requirement on the measurement and recognition of expected credit losses for financial assets held to replace the incurred loss model for financial assets measured at amortized cost and require entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. We adopted ASU 2016-13 during the year ended December 31, 2021 and there was no material impact on the consolidated financial statements.

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

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 **approximates** **approximate** fair value because of the short-term nature of those instruments. The fair value of investments **are** **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. **Certain costs** **Through December 31, 2023, we have not yet commercialized the KARNO generator. Costs incurred for components acquired prior to our determination of reaching a commercial stage** **were previously** **are expensed as research and development costs, resulting in zero cost basis for those components, which affected the components. As a result, moving-average price. However, after** **prices for inventory** **impairments recognized on December 31, 2021, inventory values and that is capitalized in future** **inventory moving average prices will not** **periods may be significantly affected by those zero cost items. Our current projected costs of production for inventory items exceeds our sales prices, and as a result of impairments, costs recognized on sales in subsequent periods will be lower until the impaired inventory has been sold or otherwise disposed.**

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 7 years
Vehicles	3 to 7 years
Leasehold improvements	shorter of lease term or 7 years
Demo fleet systems	2 to 3 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.

Intangible Assets, Net

Intangible assets consist of developed technology and a non-compete agreement and are amortized over their estimated useful lives which range from three to six years.

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

We recognize 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. Contracts are were reviewed for significant financing components and payments are were typically received within 30 days of delivery. The sale of a Hybrid system to an end-use fleet customer consists consisted of a completed modification to the customer vehicle and the installation services involve involved significant integration of the Hybrid system with the customer's vehicle. Installation services are were not distinct within the context of the contract and together with the sale of the Hybrid system represent represented a single performance obligation. We did not offer any sales returns. Amounts billed to customers related to shipping and handling are 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. In the fourth quarter of fiscal 2021, we began taking deposits to secure future Hypertruck ERX production slots. Such deposits were immaterial at December 31, 2022 and 2021.

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

The disaggregation of our revenue sources is summarized as follows and is attributable to the U.S.:

	Year Ended December 31,		
	2022	2021	2020
	Year Ended December 31,	Year Ended December 31,	Year Ended December 31,
2023			
Hybrid systems and other			
Hybrid systems and other			
Hybrid systems and other	\$ 1,082	\$ 60	\$ —

Class 8 semi-truck prepared for Hybrid system upfit	Class 8 semi-truck prepared for Hybrid system upfit	1,024	140	—
Class 8 semi-truck prepared for Hybrid system upfit				
Class 8 semi-truck prepared for Hybrid system upfit				
Total product sales and other	Total product sales and other	\$ 2,106	\$ 200	\$ —
Total product sales and other				
Total product sales and other				

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

	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2022		2021		2020	
2023						
Customer A						
Customer A						
Customer A	Customer A	60	%	100	%	%
Customer B	Customer B	10		—		
		70	%	100	%	%
Customer B						
Customer B						
Customer G						
Customer G						
Customer G						
		90				
		90				
		90				

Leases

Lessee: 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.

The Company's vehicle and equipment leases may include transfer rights or options to purchase at the end of the lease that the Company is reasonably certain to exercise. Interest expense is recognized using the effective interest rate method, and the ROU asset is amortized over the useful life of the underlying asset.

Lessor: The Company also enters into arrangements whereby space within the real estate is subleased. At the lease commencement date these subleases are recognized as operating leases. Operating leases are recognized on a straight-line basis over the lease term.

The Company has entered into various trial and evaluation agreements that contain an operating lease component that is within the scope of ASC 842, *Leases* ("ASC 842"). These agreements also contain non-lease components related to certain stand-ready services where control transfers over time over the same period and based on the same pattern as the lease component. Because the Company has determined the lease component is the most predominant component of the arrangement and the timing and

pattern of transfer for the lease and non-lease components associated with the lease component are the same, the Company has decided to elect the practical expedient not to separate the lease and non-lease component and accounts for the entire arrangement under ASC 842.

The trial and evaluation agreements contain only variable payments not based on an index or rate as a result of refund provisions within those contracts. The Company records accounts receivable when the Company meets the criteria within the trial and evaluation agreements to invoice the lessee. In accordance with ASC 842, the Company recognizes variable lease payments as profit or loss in the period in which the changes in facts and circumstances on which the variable lease payments are based occur, which will generally be the end of the trial period when the customer refund rights lapse. During the years ended December 31, 2022, 2021 and 2020, the Company did not recognize any lease income related to these trial and evaluation agreements either because the Company has not received any consideration from the lease contracts, or the uncertainty related to the consideration received has not been resolved.

Warranties

We ~~provide~~ 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 ~~\$1.1 million, \$1.6 million~~ ~~\$1.3 million~~ and ~~\$0.3 million~~ ~~\$1.1 million~~ for the years ended December 31, 2022, December 31, 2023 and 2020, respectively.

Research and Development Expense

Research and development 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 costs include, but are not limited to, outsourced engineering services, allocated facilities costs, depreciation on equipment utilized in research and development 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 stock option awards and 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. Future share-based compensation cost will increase to the extent that we grant additional share-based awards to employees and nonemployees. 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 and selling, general and administrative expenses.

The Company utilized the Black-Scholes model to determine the fair value of the stock option awards issued prior to the year ended December 31, 2021, which required the input of subjective assumptions. These assumptions include estimating (a) the length of time grantees will retain their vested stock options before exercising them for employees and the contractual term of the option for nonemployees ("expected term"), (b) the volatility of the Company's common stock price over the expected term, (c) expected dividends, and (d) the fair value of a share of common stock prior to the Business Combination. After the closing of the Business Combination, the Company's board of directors determined the fair value of each share of common stock underlying stock-based awards based on the closing price of the Company's common stock as reported by the NYSE on the date of grant.

The assumptions used in the Black-Scholes model are management's best estimates, but the estimates involve inherent uncertainties and the application of management judgment (see Note 10). As a result, if other assumptions had been used, the recorded share-based compensation expense could have been materially different from that depicted in the financial statements.

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, 2022 December 31, 2023 and 2021, 2022. 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, 2022 December 31, 2023 and 2021, 2022, there were no uncertain tax positions taken or expected to be taken in the Company's tax returns.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. The pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2020. The Company adopted ASU 2019-12 on January 1, 2021 and there was no impact to the Company as a result of the adoption.

Net (Loss) Income Loss Per Share

Basic (loss) income 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 Note 10). The number of potential common shares outstanding are calculated using the treasury stock or if-converted method.

Recent Accounting Pronouncements Issued

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 for the year ended December 31, 2022 with no material impact and updated its related disclosures.

Note 3. Acquisition

In September 2022, we acquired certain assets (the "Acquired Asset") of General Electric Company's GE Additive business (the "Acquisition"). The Acquired Assets include new hydrogen and fuel agnostic capable generator technology ("KARNO"). 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 cash flows and allocated between purchase of property and equipment and purchase of IPR&D under investing activities.

Note 4. Reverse Recapitalization

On October 1, 2020, Legacy Hyliion and TortoiseCorp consummated the merger contemplated by the Business Combination, with Legacy Hyliion surviving the merger as a wholly-owned subsidiary of TortoiseCorp.

Upon the closing of the Business Combination, TortoiseCorp's certificate of incorporation was amended and restated to, among other things, increase the total number of authorized shares of capital stock to 260,000,000 shares, of which 250,000,000 shares were designated common stock, \$0.001 par value per share, and of which 10,000,000 shares were designated preferred stock, \$0.0001 par value per share.

Immediately prior to the closing of the Business Combination, each

- issued and outstanding share of Legacy Hyliion's redeemable, convertible preferred stock, was converted into shares of Legacy Hyliion common stock based on a one-to-one ratio (see Note 9). The Business Combination was accounted

for with a retrospective application of the Business Combination that results in 34,799,813 shares of redeemable, convertible preferred stock converting into the same number of shares of Legacy Hyliion common stock.

- convertible note payable, plus accrued paid-in-kind interest, was converted into an aggregate 2,336,235 shares of Legacy Hyliion common stock at the predetermined discount (see Note 5).

Upon the consummation of the Business Combination, each share of Legacy Hyliion common stock issued and outstanding was cancelled and converted into the right to receive 1.45720232 shares (the "Exchange Ratio") of the Company's common stock (the "Per Share Merger Consideration").

Additionally, Legacy Hyliion issued 1,000,000 shares of Legacy Hyliion common stock with an estimated grant date fair value of \$10.00 per share to one of the convertible noteholders in connection with the commercial matters agreement ("Commercial Matters Agreement") that was entered into in June 2020, that was not subject to the Exchange Ratio (see Note 5).

Outstanding stock options, whether vested or unvested, to purchase shares of Legacy Hyliion common stock granted under the 2016 Plan ("Legacy Options") (see Note 10) converted into stock options for shares of the Company's common stock upon the same terms and conditions that were in effect with respect to such stock options immediately prior to the Business Combination, after giving effect to the Exchange Ratio.

Outstanding warrants to purchase shares of TortoiseCorp Class A common stock remained outstanding at the Closing Date. The warrants became exercisable 30 days after the completion of the Business Combination and expired five years after the completion of the Business Combination or earlier upon redemption or liquidation. On November 30, 2020, the Company issued a notice of redemption to the warrant holders and on December 31, 2020, it redeemed all outstanding public warrants. See Note 9 for more information.

In connection with the Business Combination,

- certain TortoiseCorp shareholders exercised their right to redeem certain of their outstanding shares for cash, resulting in the redemption of 3,308 shares of TortoiseCorp common stock for gross redemption payments of less than \$0.1 million.
- a number of investors purchased from the Company an aggregate of 30,750,000 shares of common stock (the "PIPE Shares"), for a purchase price of \$10.00 per share and an aggregate purchase price of \$307.5 million pursuant to separate subscription agreements entered into effective June 18, 2020 (the "PIPE"). The PIPE investment closed simultaneously with the consummation of the Business Combination.
- an investor purchased 1,750,000 TortoiseCorp units (consisting of one share of common stock and one half of one warrant, the "Forward Purchase Units"), consisting of 1,750,000 shares of common stock ("Forward Purchase Shares") and warrants to purchase 875,000 shares of common stock ("Forward Purchase Warrants") for an aggregate purchase price of \$17.5 million pursuant to a forward purchase agreement entered into effective February 6, 2019, as amended by the First Amendment to Amended and Restated Forward Purchase Agreement, dated June 18, 2020.

The Business Combination was accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, TortoiseCorp was treated as the "acquired" company for financial reporting purposes. See Note 1 for further details. Accordingly, for accounting purposes, the Business Combination was treated as the equivalent of Legacy Hylion issuing stock for the net assets of TortoiseCorp, accompanied by a recapitalization. The net assets of TortoiseCorp are stated at historical cost, with no goodwill or intangible assets recorded.

Prior to the Business Combination, Legacy Hylion and TortoiseCorp filed separate standalone federal, state and local income tax returns. As a result of the Business Combination Legacy Hylion will file a consolidated income tax return. Although, for legal purposes, TortoiseCorp acquired Legacy Hylion, and the transaction represents a reverse acquisition for federal income tax purposes. TortoiseCorp will be the parent of the consolidated group with Legacy Hylion a subsidiary, but in the year of the closing of the Business Combination, Legacy Hylion will file a full year tax return with TortoiseCorp joining in the return the day after the Closing Date.

The following table reconciles the elements of the Business Combination to the consolidated statements of cash flows and the consolidated statements of changes in stockholders' equity as of and for the year ended December 31, 2020:

Cash - TortoiseCorp's trust and cash (net of redemption)	\$ 236,484
Cash - PIPE	307,500
Cash - forward purchase units	17,500
Less: transaction costs and advisory fees paid	(45,030)
Net Business Combination and PIPE financing	\$ 516,454

The number of shares of common stock issued immediately following the consummation of the Business Combination were:

Common stock, outstanding prior to Business Combination	23,300,917
Less: redemption of TortoiseCorp shares	(3,308)
Common stock of TortoiseCorp	23,297,609
TortoiseCorp founder shares	5,825,230
Shares issued in PIPE	30,750,000
Shares issued in connection with forward purchase agreement	1,750,000
Business Combination, PIPE, and forward purchase agreement financing shares	61,622,839
Legacy Hylion shares ⁽¹⁾	92,278,990
Total shares of common stock immediately after Business Combination	153,901,829
Hylion Holdings Corp. exercise of warrants	15,414,592
Total shares of common stock at December 31, 2020	169,316,421

(1) The number of Legacy Hylion shares was determined as follows:

	Legacy Hylion shares, effected for Exchange	Legacy Hylion shares	Ratio
Balance at December 31, 2018	24,453,750	35,634,061	
Recapitalization applied to Series A outstanding at December 31, 2018	34,799,813	50,710,369	
Exercise of common stock options - 2019	286,874	418,033	

Exercise of common stock options - 2020 (pre-Closing)	763,216	1,112,160
Conversion of convertible notes payable to common stock ⁽²⁾	2,336,235	4,404,367
		<u>92,278,990</u>

(2) The number of shares issued for the conversion of convertible notes payable to common stock is calculated by applying the Exchange Ratio to the Legacy Hylion shares issued at the time of conversion and adding 1,000,000 shares issued in connection with the Commercial Matters Agreement. All fractions were rounded down.

Lock-Up Arrangements

Certain former stockholders of Legacy Hylion and TortoiseCorp have agreed to lock-up restrictions regarding the future transfer shares of common stock. Such shares were not able to be transferred or otherwise disposed of for a period of six months through April 1, 2021, subject to certain exceptions.

Transaction costs

Transaction costs incurred in connection with the Business Combination totaled approximately \$45.0 million, which were charged to additional paid-in capital for the year ended December 31, 2020.

Note 5. Debt

During the year ended December 31, 2018, the Company issued a convertible note payable in exchange for cash totaling \$5.0 million (the "2018 Note"). The 2018 Note bore interest at 6% per annum and matured in September 2020 (two years subsequent to its issuance date). The 2018 Note included the following embedded features:

(a) Automatic conversion upon the next equity financing of at least \$5.0 million in proceeds. The conversion price was dependent upon the pre-money valuation of the Company in connection with the next equity financing, with the conversion price set at a 35% discount on the next equity financing price if the pre-money valuation was \$100.0 million or less, or 35% multiplied by the quotient of \$100.0 million divided by the pre-money valuation if it was greater than \$100.0 million.

(b) Optional conversion upon a change in control. In the event of a change in control, the holder could elect to convert the 2018 Note into shares of common stock at a conversion price equal to (i) the product of the change in control purchase price multiplied by 65%, divided by (ii) the total number of outstanding shares of capital stock of the Company (on a fully-diluted basis).

(c) Optional redemption upon a change in control. In the event of a change in control, the holder could elect to request payment of all outstanding principal (with no penalty) and unpaid accrued interest.

(d) Automatic or optional redemption upon an event of default. Upon the occurrence of an event of default, the 2018 Note would either automatically become due and payable or could become due and payable at the holder's option (based on the nature of the event of default). Upon such acceleration, all outstanding principal (with no penalty) and unpaid accrued interest would become payable.

(e) Additional interest of 3% (or a total of 9%) upon an event of default.

In addition to the above embedded features, the Company agreed that the holder of the 2018 Note would be the Company's preferred supplier for certain components or products that the holder sells.

The Company assessed the embedded features within the 2018 Note and determined that the automatic conversion feature upon next equity financing and optional conversion feature upon change in control (share-settled redemption features) and the additional interest feature met the definition of a derivative and were not clearly and closely related to the host contract and required separate accounting.

At issuance, the Company estimated the fair value of the automatic and optional conversion features to be approximately \$1.8 million. At issuance, the Company concluded the fair value of the additional interest feature was de minimis.

Between February and July 2019, the Company issued a series of convertible notes payable in exchange for cash totaling \$13.6 million (the "Initial 2019 Notes"). The Initial 2019 Notes bore interest at 6% per annum and matured two to five years after their respective issuance dates. The Initial 2019 Notes were only prepayable with the consent of the holders. One of the Initial 2019 Notes (totaling \$1.8 million) was secured by substantially all of the assets of the Company, subordinate to the first priority, senior secured interest held by a note holder of a convertible note issued in January 2020. The holder of this note had first priority secured interest in these assets.

The Initial 2019 Notes included the following embedded features:

(a) Automatic or optional (for one of the Initial 2019 Notes) conversion upon the next equity financing of at least \$15.0 million in proceeds (the "Next Equity Financing"). The conversion price was dependent upon the pre-money valuation of the Company in connection with the next equity financing, with the conversion price set at a 25% discount on the next equity financing price if the pre-money valuation was \$100.0 million or less, or 25% multiplied by the quotient of \$100.0 million divided by the pre-money valuation if it was greater than \$100.0 million.

(b) Optional conversion (for one of the Initial 2019 Notes) upon a subsequent equity financing if the holder did not elect to convert upon the Next Equity Financing, at the price that was set by the subsequent equity financing (no discount).

(c) Optional conversion upon a change in control. In the event of a change in control, the holder could elect to convert the Initial 2019 Notes into shares of common stock at a conversion price equal to (i) the product of the change in control purchase price multiplied by 75%, divided by (ii) the total number of outstanding shares of capital stock of the Company (on a fully-diluted basis).

(d) Optional redemption upon a change in control. In the event of a change in control, the holder could elect to request payment of all outstanding principal (with no penalty) and unpaid accrued interest.

(e) Automatic or optional redemption upon an event of default. Upon the occurrence of an event of default, the Initial 2019 Notes would either automatically become due and payable or could become due and payable at the holder's option (based on the nature of the event of default). Upon such acceleration, all outstanding principal (with no penalty) and unpaid accrued interest would become payable.

(f) Additional interest of 3% (or a total of 9%) upon an event of default.

In addition, the Company had the right to modify one of the Initial 2019 Notes (totaling \$1.8 million) in the event the holder did not convert upon next equity financing to adjust the interest rate to 4% per annum.

The Company assessed the embedded features within the Initial 2019 Notes and determined that the automatic or optional conversion feature upon next equity financing and the optional conversion feature upon change in control (share-settled redemption features), the additional interest feature and the interest rate adjustment feature met the definition of a derivative and were not clearly and closely related to the host contract and required separate accounting.

At issuance, the Company estimated the fair value of the automatic and optional conversion features to be approximately \$6.0 million. At issuance, the Company concluded the fair value of the additional interest feature and the interest rate adjustment feature was de minimis.

In December 2019, the Company issued a convertible note payable in exchange for cash totaling \$3.2 million (the "December 2019 Note"). The December 2019 Note bore interest at 6% per annum and matured in December 2020 (one year subsequent to its issuance date). The December 2019 Note was only prepayable with the consent of the holder. The December 2019 Note was

secured by substantially all of the assets of the Company, subordinate to the security interest held by one of the Initial 2019 Note holders. The December 2019 Note included the following embedded features:

(a) Automatic conversion upon the next equity financing of at least \$35.0 million in proceeds. The conversion price would be based on the next equity financing per share price, with a 50% discount.

(b) Optional conversion upon the next equity financing of at least \$15.0 million in proceeds. The conversion price would be based on the next equity financing per share price, with a 50% discount.

(c) Automatic conversion upon a subsequent equity financing of at least \$35.0 million if the holder did not elect to convert upon any previous equity financing, at the price that was set by the subsequent equity financing (no discount).

(d) Optional conversion upon a change in control. In the event of a change in control, the holder could elect to convert the December 2019 Note into shares of common stock at a conversion price equal to (i) the product of the change in control purchase price multiplied by 50%, divided by (ii) the total number of outstanding shares of capital stock of the Company (on a fully-diluted basis).

(e) Optional redemption upon a change in control. In the event of a change in control, the holder could elect to request payment of all outstanding principal (with no penalty) and unpaid accrued interest.

(f) Automatic or optional redemption upon an event of default. Upon the occurrence of an event of default, the December 2019 Note would either automatically become due and payable or could become due and payable at the holder's option (based on the nature of the event of default). Upon such acceleration, all outstanding principal (with no penalty) and unpaid accrued interest would become payable.

(g) Additional interest of 3% (or a total of 9%) upon an event of default.

In addition, in the event the holder did not convert upon an equity financing, the maturity date of the December 2019 Note would automatically extend by one year. In such situation, the holder also had the right to extend the maturity date for an additional two years beyond the modified maturity date.

The Company assessed the embedded features within the December 2019 Note and determined that the automatic and optional conversion features upon next equity financing (share-settled redemption features), the additional interest feature and the term extension feature met the definition of a derivative and were not clearly and closely related to the host contract and required separate accounting. The Company also concluded that the conversion features did not represent beneficial conversion features.

At issuance and at December 2019, the Company estimated the fair value of the automatic and optional conversion features to be approximately \$1.4 million. At issuance, the Company concluded the fair value of the additional interest and term extension features was de minimis.

During January 2020, the Company issued a convertible note payable in exchange for cash totaling \$3.2 million (the "January 2020 Note"). The January 2020 Note bore interest at 6% per annum and matured in January 2025 (five years subsequent to its issuance date). The January 2020 Note was only prepayable with the consent of the holder. The January 2020 Note was secured by a first priority, senior secured interest in substantially all of the assets of the Company. The January 2020 Note included the following embedded features:

(a) Optional conversion upon the next equity financing of at least \$15.0 million in proceeds. The conversion price would be based on the next equity financing per share price, with a 50% discount.

(b) Optional conversion upon a subsequent equity financing of at least \$15.0 million if the holder did not elect to convert upon the next equity financing, at the price that was set by the subsequent equity financing (no discount).

(c) Optional conversion upon a change in control. In the event of a change in control, the holder could elect to convert the January 2020 Note into shares of common stock at a conversion price equal to (i) the product of the change in control purchase price multiplied by 50%, divided by (ii) the total number of outstanding shares of capital stock of the Company (on a fully-diluted basis).

(d) Optional redemption upon a change in control. In the event of a change in control, the holder could elect to request payment of all outstanding principal (with no penalty) and unpaid accrued interest.

(e) Optional redemption upon the Company obtaining at least \$10.0 million in commercial debt, which would result in the January 2020 Note having the same priority or being treated as subordinate to the commercial debt. In such scenario, the holder could elect to request payment of all outstanding principal (with no penalty) and unpaid accrued interest.

(f) Automatic or optional redemption upon an event of default. Upon the occurrence of an event of default, the January 2020 Note would either automatically become due and payable or could become due and payable at the holder's option (based

on the nature of the event of default). Upon such acceleration, all outstanding principal (with no penalty) and unpaid accrued interest would become payable.

(g) Additional interest of 3% (or a total of 9%) upon an event of default.

In addition, in the event the holder did not convert upon an equity financing or change in control event, the noteholder could extend the maturity date of the January 2020 Note by five years beyond the original maturity date.

In addition, in the event the holder does not convert upon an equity financing, the interest rate on the January 2020 Note would automatically be adjusted to a rate of 4% per annum.

The Company assessed the embedded features within the January 2020 Note and determined that the automatic and optional conversion features upon next equity financing (share-settled redemption features), the additional interest feature and the term extension feature met the definition of a derivative and were not clearly and closely related to the host contract and required separate accounting. The Company also concluded that the conversion features did not represent beneficial conversion features.

At issuance, the Company estimated the fair value of the automatic and optional conversion features to be approximately \$2.7 million. At issuance, the Company has concluded the fair value of the additional interest and term extension features was de minimis.

The terms of the convertible notes payable included certain restrictive covenants related to the Company's ability to enter into certain transactions or agreements, pay dividends, or take other similar corporate actions.

During June 2020, the holders of the convertible notes executed amendments (the "Note Amendments") to their respective convertible notes clarifying the planned Business Combination would qualify as a next financing, as defined in the respective convertible notes. The convertible notes would either automatically convert or convert at the holder's option (the election of which was evidenced by entering into the Note Amendments) in connection with such next financing (in this case the Business Combination). The convertible notes would convert into shares of common stock at a conversion price equal to (i) the valuation of the Company established in connection with such next financing, divided by (ii) the total number of shares of capital stock of the Company (on a fully diluted and as-converted basis), as established in the original respective convertible notes. This conversion price would then be discounted based on the negotiated conversion discounts that were established in the noteholders' original convertible notes. The amended terms of the Note Amendments were determined to be clarifications of the existing terms and did not result in substantially different terms. Accordingly, the Note Amendments were accounted for as modifications.

In connection with the reverse recapitalization discussed in Note 4, immediately prior to the closing of the Business Combination, the convertible notes, plus accrued paid-in-kind interest, totaling \$26.8 million were converted into an aggregate of 2,336,235 shares of Legacy Hyllion common stock, which were then exchanged for an aggregate of 3,404,367 shares of the Company's common stock on the Closing Date. In addition, the Company issued 1,000,000 shares of Legacy Hyllion common stock to a noteholder of the 2018 Note, Initial 2019 Notes, and January 2020 Note, with a grant date fair value of \$10.00 per share in accordance with the Commercial Matters Agreement.

In connection with this conversion of the convertible notes, the Company recorded a loss on extinguishment of \$10.2 million included within other income (expense) on the accompanying consolidated statements of operations.

Term Loan

During August 2020, the Company issued a term loan (the "Term Loan") with a principal balance totaling \$10.1 million that matured on the earlier of (i) December 15, 2020, (ii) the termination of the Business Combination or, (iii) the consummation of the Business Combination as provided in the Business Combination. In connection with the Term Loan, the Company paid \$0.5 million of financing costs. The Term Loan bore interest at a rate equal to 6.5% plus the greater of (a) the Federal Funds rate plus 0.5%, (b) LIBOR Rate for a one-month interest period plus 1.0%, and (c) Prime Rate in effect on such day. While outstanding in 2020, the Term Loan bore interest at 8.5% per annum. The Term Loan plus accrued interest was repaid in full in October 2020.

Payroll Protection Program Loan

During May 2020, the Company received loan proceeds in the amount of \$0.9 million under the Payroll Protection Program (the "PPP"). The PPP was established as part of Coronavirus Aid, Relief, and Economic Security Act and provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the business, subject to certain limitations. The loans and accrued interest were forgivable after eight weeks so long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and so long as the borrower maintained its pre-funding employment and wage levels. Although the Company used the PPP loan proceeds for purposes consistent with the provisions of the PPP and such usage met the criteria established for forgiveness of the loan, the Company repaid the balance of the PPP loan plus accrued interest during the three months ended March 31, 2021.

Note 6. Investments

The amortized cost, unrealized gains and losses, and fair value, and maturities of our held-to-maturity investments at December 31, 2022 December 31, 2023 and 2021 2022 are summarized as follows:

Fair Value Measurements as of December 31, 2022			
Amortized Cost	Gross Gains	Gross Losses	Fair Value

Fair Value Measurements at December 31, 2023				Fair Value Measurements at December 31, 2023			
				Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper	Commercial paper	\$ 36,675	\$ 2	\$ (161)	\$ 36,516		
U.S. government agency bonds	U.S. government agency bonds	12,441	6	(328)	12,119		
State and municipal bonds	State and municipal bonds	40,104	28	(628)	39,504		
Corporate bonds and notes	Corporate bonds and notes	213,088	76	(3,344)	209,820		
		\$ 302,308	\$ 112	\$ (4,461)	\$ 297,959		
		\$					
Fair Value Measurements as of December 31, 2021							
				Gross Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper	Commercial paper	\$ 73,908	\$ 2	\$ (31)	\$ 73,879		
U.S. government agency bonds	U.S. government agency bonds	4,450	—	(7)	4,443		
State and municipal bonds	State and municipal bonds	17,797	—	(115)	17,682		
Corporate bonds and notes	Corporate bonds and notes	202,849	3	(953)	201,899		
		\$ 299,004	\$ 5	\$ (1,106)	\$ 297,903		
		\$					
December 31, 2022		December 31, 2021		Fair Value Measurements at December 31, 2022			
				Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper	Commercial paper	\$ 73,908	\$ 2	\$ (31)	\$ 73,879		
U.S. government agency bonds	U.S. government agency bonds	4,450	—	(7)	4,443		
State and municipal bonds	State and municipal bonds	17,797	—	(115)	17,682		
Corporate bonds and notes	Corporate bonds and notes	202,849	3	(953)	201,899		
		\$ 299,004	\$ 5	\$ (1,106)	\$ 297,903		
		\$					
December 31, 2022				Fair Value Measurements at December 31, 2022			
				Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper	Commercial paper	\$ 73,908	\$ 2	\$ (31)	\$ 73,879		
U.S. government agency bonds	U.S. government agency bonds	4,450	—	(7)	4,443		
State and municipal bonds	State and municipal bonds	17,797	—	(115)	17,682		
Corporate bonds and notes	Corporate bonds and notes	202,849	3	(953)	201,899		
		\$ 299,004	\$ 5	\$ (1,106)	\$ 297,903		
		\$					
December 31, 2023				December 31, 2023			
				Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Due in one year or less	Due in one year or less	\$ 193,740	\$ 191,094	\$ 118,787	\$ 118,714		

Due after one year through five years	Due after one year through five years	108,568	106,865	180,217	179,189
		\$ 302,308	\$ 297,959	\$ 299,004	\$ 297,903
		<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

Note 7.5. Fair Value Measurements

The fair value measurements of our financial assets at December 31, 2022 December 31, 2023 and 2021 2022 are summarized as follows:

Fair Value Measurements as of December 31, 2022					
		Level			
		Level I	Level II	III	Total
Fair Value Measurements at December 31, 2023					
		Level I		Level II	
Cash and cash equivalents	Cash and cash equivalents	\$119,468	\$ —	\$ —	\$119,468
Restricted cash	Restricted cash	665	—	—	665
Held-to-maturity investments:	Held-to-maturity investments:				
Commercial paper	Commercial paper	—	36,516	—	36,516
Commercial paper	Commercial paper				
U.S. government agency bonds	U.S. government agency bonds	—	12,119	—	12,119
State and municipal bonds	State and municipal bonds	—	39,504	—	39,504
Corporate bonds and notes	Corporate bonds and notes	—	209,820	—	209,820
		\$120,133	\$297,959	\$ —	\$418,092
		<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

Fair Value Measurements as of December 31, 2021					
	Level				
	Level I	Level II	Level III	Total	
Cash and cash equivalents	\$ 258,445	\$ —	\$ —	\$ —	\$ 258,445
Restricted cash	665	—	—	—	665
Held-to-maturity investments:					

Commercial paper	—	73,879	—	73,879
U.S. government agency bonds	—	4,443	—	4,443
State and municipal bonds	—	17,682	—	17,682
Corporate bonds and notes	—	201,899	—	201,899
	<u>\$ 259,110</u>	<u>\$ 297,903</u>	<u>\$ —</u>	<u>\$ 557,013</u>

The rollforward of the Company's Level 3 instruments at December 31, 2020 is summarized as follows*:

Balance at December 31, 2019	\$ 8,351
Issuance of convertible note payable derivative liability	2,656
Fair value adjustments	1,358
Settlement of convertible notes payable derivative liabilities	(12,365)
Balance at December 31, 2020	\$ —

* There were no Level 3 instruments outstanding during the years ended December 31, 2022 or 2021.

	Fair Value Measurements at December 31, 2022			
	Level I	Level II	Level III	Total
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 8.6. Inventory

The carrying value of our inventory at December 31, 2022 December 31, 2023 and 2021 2022 is summarized as follows:

	December		December 31, 2022	December 31, 2023
	31, 2022	2021		
Raw materials	Raw materials	\$ —	\$ —	
Work in process	Work in process	—	4	
Finished goods	Finished goods	74	110	
		<u>\$ 74</u>	<u>\$ 114</u>	
		<u>\$ —</u>	<u>\$ —</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, 2022 December 31, 2023 and 2021, 2022, we recorded write-downs of \$5.6 million \$1.1 million and \$2.3 \$5.6 million, respectively, included primarily in cost of revenues. During the year ended December 31, 2020, we were in a research and development phase for all of our products, and did not capitalize substantial inventory amounts or record cost of sales and related adjustments.

Note 9.7. Capital Structure

As discussed in Note 1 and Note 4, on October 1, 2020, the Company consummated the Business Combination, which has been accounted for as a reverse recapitalization. Pursuant to the Certificate of Incorporation as amended on October 1, 2020 and as a result of the reverse recapitalization, the Company has retrospectively adjusted the Legacy Hylion preferred shares and Legacy Hylion common shares issued and outstanding prior to October 1, 2020 to give effect to the Exchange Ratio used to determine the number of shares of common stock of the combined entity into which they were converted.

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 of directors 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, 2022 December 31, 2023 and 2021, 2022, there were no shares of preferred stock issued and outstanding.

Common Stock

At December 31, 2022 December 31, 2023, the following shares of common stock were reserved for future issuance:

Stock options issued and outstanding	2,541,439	522,971
Authorized for future grant under 2020 Equity Incentive Plan	7,503,921	6,988,626
10,045,360 Authorized for future issuance under the Hyliion Holdings Corp. Employee Stock Purchase Plan		
		1,800,000
		9,311,597

Warrants Treasury Stock

Public Warrants: On March 4, 2019, TortoiseCorp completed an initial public offering that included warrants for shares. In December 2023, we announced a share repurchase program which has no expiration date, authorizing the repurchase of common stock (the "Public Warrants"). Each Public Warrant entitled the holder up to the right to purchase one share of common stock at an exercise price of \$11.50 per share. No fractional shares were issued upon exercise of the Public Warrants. The Company could elect to redeem the Public Warrants, \$20.0 million in whole and not in part, at a price of \$0.01 per Public Warrant if (i) 30 days' prior written notice of redemption is provided to the holders, and (ii) the last reported sale price of the Company's common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third business day prior to the date on which the Company sends the notice of redemption to the warrant holders. Upon issuance of a redemption notice by the Company, the warrant holders had a period of 30 days to exercise for cash, or on a cashless basis. On the Closing Date, there were 11,650,458 Public Warrants issued and outstanding.

Private Placement Warrants: Simultaneous with TortoiseCorp's initial public offering in March 2019, Tortoise Borrower purchased warrants at a purchase price of \$1.00 per warrant in a private placement (the "Private Placement Warrants"). The Private Placement Warrants could not be redeemed by the Company so long as the Private Placement Warrants are held by the initial purchasers, or such purchasers' permitted transferees. The Private Placement Warrants had terms and provisions identical to those of the Public Warrants, including as to exercise price, exercisability and exercise period, except if the Private Placement Warrants were held by someone other than the initial purchasers' permitted transferees, then the Private Placement Warrants were redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants. On the Closing Date, there were 6,660,183 Private Warrants issued and outstanding.

Forward Purchase Warrants: Simultaneous with the consummation of the Business Combination in October 2020, 875,000 Forward Purchase Warrants to purchase shares of common stock were issued in connection with the forward purchase agreement (See Note 4). The Forward Purchase Warrants had terms and provisions identical to those of the Public Warrants, including as to exercise price, exercisability and exercise period, except that the Forward Purchase Warrants are subject to transfer restrictions and certain registration rights.

On November 30, 2020, the Company issued a notice of redemption of all its outstanding Public Warrants and Forward Purchase Warrants, which was completed in December 2020. However, the Private Warrants held by the initial holders thereof or permitted transferees of the initial holders were not subject to this redemption. As of December 31, 2020, all outstanding Public Warrants and Forward Purchase Warrants were either exercised or redeemed by the holder. As of December 31, 2020, the Company's transfer agent received gross proceeds of \$140.8 million corresponding to the exercise of 15,786,127 warrants. However, due to the timing of the receipt of the warrant exercise and the cash, the Company's transfer agent issued 15,414,592 shares of common stock as of December 31, 2020. The remaining 371,535 shares of common stock were issued in January 2021. Additionally, as of December 31, 2020, the Company's transfer agent had not yet remitted \$12.0 million of the gross proceeds associated with the shares of issued common stock to the Company and is included within prepaid expenses and other current assets on the accompanying consolidated balance sheets as of December 31, 2020. There were 281,065 warrants not exercised by the end of the redemption period that were redeemed for a price of \$0.01 per warrant, and subsequently cancelled by the Company. The Company made the redemption payment on these cancelled warrants in January 2021. Certain holders of the warrants elected a cashless exercise, resulting in the forfeiture of 3,118,445 shares.

Note 10.8. Share-Based Compensation

2016 Equity Incentive Plan

For periods prior to the reverse recapitalization (See Note 4), the The Hyliion Inc. 2016 Equity Incentive Plan (the "2016 Plan"), as amended in August 2017 and approved by the board of directors (the "Board"), 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.

Legacy Options converted into an option to purchase a number of shares of common stock equal to the product of the number of shares of Legacy Hyliion common stock and the Exchange Ratio at an exercise price per share equal to the exercise price of

the Legacy Option divided by the Exchange Ratio. Each exchanged option is governed by the same terms and conditions applicable to the Legacy Option prior to the Business Combination. No further grants can be made under the 2016 Plan.

The option exercise price for all grantees equals the stock's estimated fair value on the date of the grant, after giving effect to the Exchange Ratio. The Board determined the fair value of common stock at the time of grant by considering a number of objective and subjective factors, including independent third-party valuations of the Company's common

stock, operating and financial performance, the lack of liquidity of capital stock, and general and industry-specific economic outlook, amongst other factors. The Company believes the fair value of the stock options granted to nonemployees was more readily determinable than the fair value of the services received.

The fair value of each option is estimated on the date of the grant using the Black-Scholes option-pricing model in order to measure the compensation cost associated with the award. This model incorporates certain assumptions for inputs including an expected volatility in the market value of the underlying common stock, expected term, a risk-free interest rate, and the expected dividend yield of the underlying common stock. The following assumptions were used for options issued during the year ended December 31, 2020*:

Expected volatility	70.0%
Expected term	6.1 years
Risk-free interest rate	1.7%
Expected dividend yield	0.0%

* There were no options issued during the years ended December 31, 2022 and 2021.

- **Expected volatility:** The expected volatility was determined by examining the historical volatility of a group of industry peers, as the Company did not have any trading history for the Company's common stock.
- **Expected term:** For employees, the expected term is determined using the "simplified" method, as prescribed by the SEC's Staff Accounting Bulletin No. 107, Share-Based Payment, to estimate on a formula basis the expected term of the Company's employee stock options, which are considered to have "plain vanilla" characteristics. For nonemployees, the expected term represents the contractual term of the option.
- **Risk-free interest rate:** The risk-free interest rate was based upon quoted market yields for the United States Treasury instruments with terms that were consistent with the expected term of the Company's stock options.
- **Expected dividend yield:** The expected dividend yield was based on the Company's history and management's current expectation regarding future dividends.

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, 2022, 2021 December 31, 2023 and 2020 2022 is summarized as follows:

Exercised				
Forfeited				
Forfeited				
Forfeited	Forfeited	(52,833)	0.20	
Outstanding	Outstanding			
at	at			
December	December			
31, 2022	31, 2022	2,541,439	\$ 0.15	3.7 years
Outstanding at				
December 31, 2022				
Outstanding at				
December 31, 2022		2,541,439	0.15	3.7
Exercisable at December				
31, 2022	1,997,577	\$ 0.13	2.8 years	
Exercised				
Exercised				
Exercised				
Forfeited				
Forfeited				
Forfeited				
Outstanding at				
December 31, 2023				
Outstanding at				
December 31, 2023				
Outstanding at				
December 31, 2023		522,971	\$0.20	4.3
Exercisable at December				
31, 2023				
Exercisable at December				
31, 2023				
Exercisable at December				
31, 2023	473,239	\$0.20		4.1

At December 31, 2022 December 31, 2023, the options outstanding and exercisable had an intrinsic value of \$5.6 million \$0.3 million and \$4.4 million \$0.3 million, respectively. There were no options with an exercise price greater than the market price on December 31, 2022 December 31, 2023 to exclude from the intrinsic value computation. The intrinsic value of options exercised during the years ended December 31, 2022, 2021 December 31, 2023 and 2020 2022 was \$2.4 million, \$42.8 million and \$18.4 million \$2.4 million, respectively.

Share-based compensation expense under the 2016 Plan for the years ended December 31, 2022, 2021 December 31, 2023 and 2020 2022 was \$0.1 million, \$0.1 million nil and \$0.3 million \$0.1 million, respectively. There was \$0.1 million of no unrecognized compensation expense related to the 2016 Plan at December 31, 2022, which is expected to be recognized over the remaining vesting periods, with a weighted-average period of 0.9 years. December 31, 2023.

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 awards were granted under the 2020 Plan prior to the year ended December 31, 2021, and 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, 2022, 2021 December 31, 2023 and 2020 2022 is summarized as follows:

	Number of Units	Weighted Average Grant Date Fair Value (in Dollars)
Unvested at December 31, 2020		— \$ —
Granted ¹	1,858,236	11.24
Vested	(176,449)	12.64
Forfeited ²	(124,993)	12.09
Unvested at December 31, 2021³	1,556,794	11.01
Granted ⁴	2,504,939	4.10
Vested	(470,426)	11.07
Forfeited ⁵	(822,207)	8.44
Unvested at December 31, 2022⁶	<u>2,769,100</u>	<u>\$ 5.51</u>

	Number of Units	Weighted Average Grant Date Fair Value (in Dollars)
Unvested at December 31, 2021¹	1,556,794	\$ 11.01
Granted ²	2,504,939	4.10
Vested	(470,426)	11.07
Forfeited ³	(822,207)	8.44
Unvested at December 31, 2022⁴	<u>2,769,100</u>	<u>5.51</u>
Granted ⁵	2,192,900	2.57
Vested	(1,350,172)	5.28
Forfeited ⁶	(860,505)	4.53
Unvested at December 31, 2023⁷	<u>2,751,323</u>	<u>\$ 3.59</u>

¹ Excludes 1,985,914 1,910,914 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

² Excludes 75,000 204,167 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

³ Excludes 1,910,914 130,000 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

⁴ Excludes 204,167 1,336,667 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

⁵ Excludes 130,000 25,000 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

⁶ Excludes 1,336,667 59,584 shares underlying RSU awards with performance conditions, which have not been accounted for because no accounting grant date has been established.

⁷ 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, 2022, 2021 December 31, 2023 and 2020 2022 was \$6.9 million, \$4.8 \$6.2 million and nil, \$6.9 million, respectively. The fair value of RSUs that vested during the years ended December 31, 2022, 2021 December 31, 2023 and 2020 2022 was \$1.7 \$2.8 million \$1.6 million, and nil, \$1.7 million, respectively. There was \$10.2 \$4.9 million of unrecognized compensation expense related to the 2020 Plan at December 31, 2022 December 31, 2023, which is expected to be recognized over the remaining vesting periods, subject to forfeitures, with a weighted-average period of 1.91.5 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 not been implemented through December 31, 2023.

Note 11.9. 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.

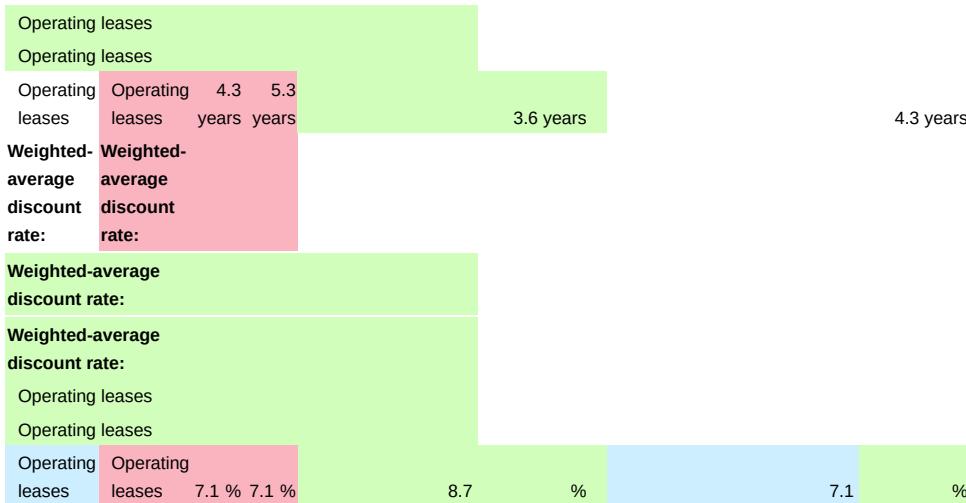
In December 2021, the Company amended the lease for its corporate office. This amendment increased the amount of space under the original lease, adjusted the monthly lease payments, and decreased the term of the lease through 2027. The Company accounted for this extension as a lease modification and 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 date.

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

		Year Ended December 31,	Year Ended December 31,	Year Ended December 31,
	2023			
Operating lease costs:				
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				
Total operating lease costs				
Total operating lease costs				
Total operating lease costs				
		Year Ended December 31,		
	2022		2021	2020
Operating lease costs:				
Operating lease cost	\$ 1,921	\$ 1,386	\$ 1,389	
Short-term lease cost	199	456	42	
Variable lease cost	622	469	(14)	
Sublessor income	—	(38)	(326)	
Total operating lease costs	\$ 2,742	\$ 2,273	\$ 1,091	
Finance lease costs:				
Amortization of right-of-use assets	\$ —	\$ 74	\$ 112	
Interest on lease liabilities	—	1	21	
Total finance lease costs	\$ —	\$ 75	\$ 133	

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

	December 31, 2022	December 31, 2021		December 31, 2022
	2023		2023	
Weighted- average remaining lease term:	Weighted- average remaining lease term:			



The following table provides a summary of operating lease liability maturities for the next five years and thereafter at December 31, 2022 December 31, 2023:

2023		\$	878
2024			
2024			
2024	2024		2,263
2025	2025		2,331
2025			
2025			
2026			
2026	2026		2,402
2027	2027		822
2027			
2027			
2028			
2028			
2028			
Thereafter			
Thereafter			
Thereafter	Thereafter		—
Total minimum lease payments	Total minimum lease payments		8,696
Total minimum lease payments			
Total minimum lease payments			
Less: imputed interest			
Less: imputed interest			
Less: imputed interest	Less: imputed interest		(1,377)
Total lease obligations	Total lease obligations	\$	7,319
Total lease obligations			
Total lease obligations			

Note 12.10. Property and Equipment, Net

Property and equipment, net at December 31, 2022 December 31, 2023 and 2021 2022 is summarized as follows:

December 31,

	2022	2021		
	December 31,			December 31,
	2023	2023		2022
Production machinery and equipment	Production machinery and equipment	\$5,897	\$1,717	
Vehicles	Vehicles	817	720	
Leasehold improvements	Leasehold improvements	1,002	1,077	
Office furniture and fixtures	Office furniture and fixtures	162	155	
Office furniture and fixtures				
Computers and related equipment	Computers and related equipment	1,367	1,219	
		9,245	4,888	
		16,811		
Less: accumulated depreciation	Less: accumulated depreciation	(3,639)	(2,653)	
Total property and equipment, net	Total property and equipment, net	\$5,606	\$2,235	

Depreciation expense for the years ended December 31, 2022, 2021 December 31, 2023 and 2020 2022 totaled approximately \$3.2 million and \$1.1 million, \$0.8 million and \$0.8 million respectively. For the year ended December 31, 2023, \$0.6 million, \$1.7 million, and \$0.9 million was included in selling, general and administrative expenses, research and development expenses and exit and termination costs, respectively, in the consolidated statements of operations. For the year ended December 31, 2022, \$0.3 million \$0.3 million and \$0.8 million was included in selling, general and administrative expenses, and research and development expenses, respectively, in the consolidated consolidated statements of operations. For the year ended December 31, 2021, \$0.1 million and \$0.7 million was included in selling, general and administrative expenses and research and development expenses, respectively, in the consolidated statements of operations. For the year ended December 31, 2020, \$0.1 million and \$0.7 million was included in selling, general and administrative expenses and research and development expenses, respectively, in the consolidated statements of operations. For the years ended December 31, 2022, 2021 and 2020, there was nil depreciation expense included in cost of revenues.

Note 13. Intangible Assets, Net

The gross carrying amount and accumulated amortization of separately identifiable intangible assets at December 31, 2022 and 2021 is summarized as follows:

		December 31, 2022			
Intangible Asset	Useful Life	Weighted Average Remaining Life	Gross Carrying Value	Accumulated Amortization	Net
Developed technology	6 years	1.4 years	\$ 583	\$ (445)	\$ 138
Internal-use software	3 years	3.0 years	66	(4)	62
			\$ 649	\$ (449)	\$ 200
		December 31, 2021			
Intangible Asset	Useful Life	Weighted Average Remaining Life	Gross Carrying Value	Accumulated Amortization	Net
Developed technology	6 years	2.4 years	\$ 578	\$ (343)	\$ 235
			\$ 578	\$ (343)	\$ 235

Total amortization expense for the years ended December 31, 2022, 2021 and 2020 was \$0.1 million, \$0.1 million and \$0.1 million, respectively, and is included within selling, general and administrative expenses in the consolidated statements of operations.

Total future amortization expense for finite-lived intangible assets at December 31, 2022 is summarized as follows:

2023		\$ 120
2024		62
2025		18
		<u>\$ 200</u>

Note 14.11. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities at December 31, 2022 December 31, 2023 and 2021 2022 are summarized as follows:

	December 31,		
	2022	2021	
Accrued professional services and other	Accrued professional services and other	\$ 5,834	\$ 3,681
Accrued compensation and related benefits	Accrued compensation and related benefits	4,773	3,460
Other accrued liabilities	Other accrued liabilities	928	618
		<u>\$11,535</u>	<u>\$7,759</u>
Accrued severance, contract termination, and other charges		\$	

Note 15.12. Warranties

The change in warranty liability for the years ended December 31, 2022 December 31, 2023 and 2021 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,		
	2022	2021	
Year ended December 31,			Year ended December 31,
2023		2023	2022
Balance at beginning of period	Balance at beginning of period	\$ 44	\$ —
Accrual for warranties issued	Accrual for warranties issued	644	44

Net changes in accrual related to pre-existing warranties	Net changes in accrual related to pre-existing warranties	(7) —
Warranty charges	Warranty charges	(154) —
Balance at end of period	Balance at end of period	\$527 \$44

Note 16.13. Income Taxes

The income tax provision for the years ended December 31, 2022, December 31, 2023 and December 31, 2020 is summarized as follows:

		Year Ended December 31,		
		2022	2021	2020
Year Ended December 31,				
Year Ended December 31,				
Year Ended December 31,				
2023				
Current tax expense:				
Current tax expense:				
Current tax expense:	Current tax expense:			
Federal	Federal	\$ —	\$ —	\$ —
Federal				
Federal				
State	State	—	—	—
State				
State				
Total current tax expense				
Total current tax expense				
Total current tax expense	Total current tax expense	\$ —	\$ —	\$ —
Deferred tax (benefit) expense:	Deferred tax (benefit) expense:			
Deferred tax (benefit) expense:				
Federal				
Federal				
Federal	Federal	\$ (34,296)	\$ (24,138)	\$ (8,952)
State	State	(40)	67	(291)
State				
State				
Valuation allowance				
Valuation allowance				
Valuation allowance	Valuation allowance	34,336	24,071	9,243
Total deferred tax expense	Total deferred tax expense	\$ —	\$ —	\$ —
Total deferred tax expense				
Total deferred tax expense				

The components of deferred taxes at December 31, 2022 December 31, 2023 and 2021 2022 are summarized as follows:

		December 31,			
		2022	2021		
		December 31,		December 31,	
		2023		2023	2022
Deferred tax assets:	Deferred tax assets:				
Federal net operating loss carryforwards					
Federal net operating loss carryforwards					
Federal net operating loss carryforwards	Federal net operating loss carryforwards	\$48,186	\$39,399		
State net operating loss carryforwards	State net operating loss carryforwards	491	984		
Operating lease obligation	Operating lease obligation	1,537	1,815		
Section 174 expenditures	Section 174 expenditures	14,840	—		
R&D tax credit	R&D tax credit	4,714	693		
Other	Other	3,148	1,908		
Intangible assets, net	Intangible assets, net	6,001	—		
Property and equipment, net		—	13		
Total deferred tax assets					
Total deferred tax assets					
Total deferred tax assets	Total deferred tax assets	78,917	44,812		
Less: valuation allowance	Less: valuation allowance	(77,475)	(43,139)		
Deferred tax assets, net of valuation allowance	Deferred tax assets, net of valuation allowance	1,442	1,673		
Deferred tax liabilities:	Deferred tax liabilities:				
Deferred tax liabilities:	Deferred tax liabilities:				
Operating lease right of use asset, net	Operating lease right of use asset, net	1,359	1,624		
Intangible assets, net		—	49		
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	Property and equipment, net	83	—
Total deferred tax liabilities	Total deferred tax liabilities	1,442	1,673
Net deferred tax assets	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, 2022, 2021 December 31, 2023 and 2020 is summarized as follows:

				Year Ended December 31,	Year Ended December 31,	Year Ended December 31,
				2023	2022	2021
Provision at statutory rate of 21%						
Provision at statutory rate of 21%						
Provision at statutory rate of 21%						
State tax expense				Year Ended December 31,		
				2023	2022	2021
Provision at statutory rate of 21%	\$	(32,205)		\$	(20,170)	\$
Non-deductible convertible debt interest expense		—				227
Non-deductible gain related to warrant conversions		—				(76,293)
State tax expense						
State tax expense	State tax expense	492				(158)
Stock options	Stock options	533			(3,458)	54
Transaction costs		—				(2,947)
Shares issued in connection with a Commercial Matters Agreement		—				2,100
Stock options						
Stock options						
Other						
Other	Other	865			(231)	(102)
R&D tax credit	R&D tax credit	(4,021)			(212)	(193)
R&D tax credit						
Change in valuation allowance	Change in valuation allowance	34,336			24,071	9,243
		\$ —			\$ —	\$ —
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, 2022~~ December 31, 2023.

The Company had federal net operating loss carryforwards of \$297.9 million and \$229.5 million at December 31, 2023 and \$187.6 million at December 31, 2022 and 2021, 2022, respectively. At ~~December 31, 2022~~ December 31, 2023, \$10.5 million of this amount will begin to expire in 2036 and the remaining \$219.0

million \$287.4 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, 2022~~ December 31, 2023 and 2021, 2022, respectively, that will begin to expire beginning in 2036 and research and development credits of \$4.1 million \$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~~ 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 ~~2018~~ 2020 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 17.14. Commitments and Contingencies

Economic Incentive Agreement

During the year ended December 31, 2018, the Company entered into an agreement with the Cedar Park Economic Development Corporation ("EDC"), whereby the Company ~~will~~ receive cash grants from the EDC contingent upon the Company fulfilling and maintaining certain corporate office lease 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.

As the terms of the EDC grant agreement require the Company to meet and maintain all of the performance requirements throughout the term of the agreement and the Company ~~has~~ did not substantially met ~~all~~ meet the conditions for the grant funding received. Should the Company fail to meet and maintain any performance requirements, received through December 31, 2023, all amounts received from the EDC are subject to refund. Accordingly, total grant funding of \$0.9 \$1.1 million recorded as part of is included within other current accrued liabilities as of December 31, 2022 will continue to be reflected December 31, 2023. Total grant funding of \$0.9 million was included within other noncurrent liabilities as an other non-current liability until all related performance requirements have been met through the end of the agreement on December 31, 2025 December 31, 2022.

Under the agreement, the EDC has the right to file a security interest to all assets of the Company.

Legal Proceedings

On September 28, 2020, 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 then operating as TortoiseCorp, held believes that the outcome of such legal proceedings, legal actions and claims will not have a special meeting of the stockholders of the Company (the "Special Meeting"), to approve the proposed Business Combination with Hylion Inc. and certain other matters relating thereto. Among them were several proposals to amend the TortoiseCorp's certificate of incorporation (the "Old Charter"), including an amendment to increase the number of authorized shares of Class A common stock from 200,000,000 to 250,000,000 shares (the "Class A Increase Amendment"). At the Special Meeting, all proposals presented, including the Class A Increase Amendment, were approved by a majority of the then-outstanding shares of significant adverse effect on the Company's Class A common stock and Class B common stock, voting as a single class. On October 1, 2020, the Business Combination closed and the Company's restated certificate financial position, results of incorporation (the "New Charter"), which gave effect to that amendment and certain other approved amendments and also reclassified the Company's Class A common stock into "common stock," became effective. operations or cash flows.

A recent ruling by the Delaware Court of Chancery (the "Court of Chancery") has created uncertainty as to whether Section 242(b)(2) of the Delaware General Corporation Law ("DGCL") would have required the Class A Increase Amendment proposal to be approved by separate votes of the Class A common stock and Class B common stock.

The Company continues to believe that a separate vote of Class A common stock was not required to approve the Class A Increase Amendment. In light of this recent ruling, however, the Company filed a petition (the "Petition") in the Court of Chancery pursuant to Section 205 of the DGCL on February 13, 2023 seeking validation of the Class A Increase Amendment and the validation and declaration of effectiveness of the New Charter (including its filing and effectiveness) which gave effect to the Class A Increase Amendment, and for the avoidance of doubt the validation of the reclassification of the Company's Class A common stock into "common stock" pursuant to the New Charter, in each case as of October 1, 2020. Section 205 of the DGCL permits the Court of Chancery, in its discretion, to ratify and validate potentially defective corporate acts after considering a variety of factors. On February 14, 2023, the Court of Chancery granted the motion to expedite and set a hearing date on the Petition of March 6, 2023.

From the date of the Business Combination and through the issuance date of the financial statements included in this Annual Report on Form 10-K the total issued and potential dilutive shares of the Company have not exceeded the previously authorized 200,000,000. If the Company is not successful in the Section 205 proceeding, the uncertainty with respect to its capitalization resulting from the Delaware Court of Chancery's ruling referenced above could have a material adverse impact on the Company, including on its ability to issue stock-based compensation to its employees, directors and officers, pursue strategic transactions or complete future equity or debt financing transactions, until the underlying issues are definitively resolved.

Note 18, 15. Net (Loss) Income Loss Per Share

As a result of the reverse recapitalization (see Note 4), the Company has retroactively adjusted the weighted average shares outstanding prior to October 1, 2020 to give effect to the Exchange Ratio used to determine the number of shares of common stock into which they were converted.

The computation of basic and diluted net (loss) income loss per share for the years ended December 31, 2022, 2021 December 31, 2023 and 2020 2022 is summarized as follows (in thousands, except share and per share data):

	Year Ended December 31,		
	2022	2021	2020
Numerator:			
Net (loss) income attributable to common stockholders	\$ (153,357)	\$ (96,048)	\$ 324,117
Denominator:			
Weighted average shares outstanding, basic	175,400,486	172,216,477	104,324,059
Weighted average shares outstanding, diluted	175,400,486	172,216,477	112,570,960
Net (loss) income per share, basic	\$ (0.87)	\$ (0.56)	\$ 3.11
Net loss per share, diluted	\$ (0.87)	\$ (0.56)	\$ (0.35)

	Year Ended December 31,	
	2023	2022
Numerator:		
Net loss attributable to common stockholders	\$ (123,510)	\$ (153,357)
Denominator:		
Weighted average shares outstanding, basic and diluted	181,411,069	175,400,486
Net loss per share, basic and diluted	\$ (0.68)	\$ (0.87)

Potential common shares excluded from the computation of diluted net (loss) income loss per share because including them would have had an anti-dilutive effect for the years ended December 31, 2022, 2021 December 31, 2023 and 2020 2022 are summarized as follows:

	Year Ended December 31,		
	2022	2021	2020
	Year Ended December 31,	Year Ended December 31,	Year Ended December 31,
	2023	2022	2020
Unexercised stock options			
Unexercised stock options	2,541,439	3,157,889	—
Unvested restricted stock units*	4,105,673	3,467,708	—
	6,647,112	6,625,597	—
Unvested restricted stock units*			
Unvested restricted stock units*	3,908,044	3,908,044	3,908,044

* Potential common shares from unvested restricted stock units for the years ended December 31, 2022, 2021 December 31, 2023 and 2020 2022 include 1,336,667, 1,910,914 633,750 and nil 1,336,667 shares, respectively, where no accounting grant date has been established.

Note 19, 16. Supplemental Cash Flow Information

Supplemental cash flow information for the years ended December 31, 2022, 2021 December 31, 2023 and 2020 2022 is summarized as follows:

		Year Ended December 31,		
		2022	2021	2020
		Year Ended December 31,	Year Ended December 31,	Year Ended December 31,
		2023		
Cash paid for interest	Cash paid for interest	\$ —	\$ (8)	\$ (144)
Cash paid for interest				
Cash paid for interest				
Cash paid for taxes				
Cash paid for taxes	Cash paid for taxes	\$ —	\$ —	\$ —
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	Operating cash flows from operating leases	\$ (1,921)	\$ (1,386)	\$ (1,446)
Operating cash flows from operating leases				
Operating cash flows from operating leases				
Right-of-use assets obtained in exchange for lease obligations	Right-of-use assets obtained in exchange for lease obligations	\$ —	\$ 3,410	\$ 1,007
Right-of-use assets obtained in exchange for lease obligations				
Right-of-use assets obtained in exchange for lease obligations				

		Year Ended December 31,		
		2022	2021	2020
		Year Ended December 31,	Year Ended December 31,	Year Ended December 31,
		2023		
Supplemental disclosure of noncash investing and financing activities:	Supplemental disclosure of noncash investing and financing activities:			
Supplemental disclosure of noncash investing and financing activities:	Supplemental disclosure of noncash investing and financing activities:			
Supplemental disclosure of noncash investing and financing activities:	Supplemental disclosure of noncash investing and financing activities:			

Supplemental disclosure of noncash investing and financing activities:			
Warrants exercised where proceeds are included within prepaid expenses and other current assets	\$ —	\$ —	\$ 11,978
Settlement of convertible notes payable and convertible note payable derivative liabilities	\$ —	\$ —	\$ 44,039
Common stock issued for purchase of assets			
Common stock issued for purchase of assets			
Common stock issued for purchase of assets	Common stock issued for purchase of assets	\$ 16,115	\$ —
Acquisitions of property and equipment and intangible assets included in accounts payable and other	Acquisitions of property and equipment and intangible assets included in accounts payable and other	\$ 59	\$ 246
Acquisitions of property and equipment and intangible assets included in accounts payable and other	Acquisitions of property and equipment and intangible assets included in accounts payable and other	\$ —	\$ —

Note 20.17. 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 requires eligibility conditions require participants to be at least 21 years old and have 30 days to participate. Eligibility entry date is the first of service, 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, 2022, 2021 December 31, 2023 and 2020, 2022.

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, 2022 December 31, 2023, 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, 2022 December 31, 2023, 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, 2022 December 31, 2023, our internal control over financial reporting was effective as of December 31, 2022 December 31, 2023. Our independent registered public accounting firm, Grant Thornton LLP, has audited the effectiveness of our internal control over financial reporting and as of December 31, 2022, as stated in their report, which is included herein.

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, 2022 December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

In September 2022, we acquired certain assets (the "Acquired Assets") of General Electric Company's GE Additive business (the "Acquisition"). As a result, the Company has expanded certain controls such as review and integration of a material acquisition.

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.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Hylion Holdings Corp.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Hylion Holdings Corp. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2022, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2022, and our report dated February 28, 2023 expressed an unqualified opinion on those financial statements.

Basis for opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

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

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

/s/ GRANT THORNTON LLP

Dallas, Texas
February 28, 2023

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

The 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 2023 2024 Annual Meeting of Stockholders (the "2023 2024 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, 2022 December 31, 2023. 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 2023 2024 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, 2022 December 31, 2023.

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 2023 2024 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, 2022 December 31, 2023.

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 2023 2024 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, 2022 December 31, 2023.

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 2023 2024 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, 2022 December 31, 2023.

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+	Business Combination Agreement and Plan of Reorganization, dated as of June 18, 2020, by and among Tortoise Acquisition Corp., SHLL Merger Sub Inc. and Hyliion 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).
2.2+	Asset Purchase Agreement, dated August 24, 2022, by and between Hyliion 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).
3.1	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).
3.2	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).
4.1	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).
4.2	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).
4.3	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).
4.4	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).
10.1	Lease Agreement, dated February 5, 2018, by and between IGX Brushy Creek, LLC and Hyliion Inc. (incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on October 7, 2020).
10.2	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).
10.3†	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).
10.4†	Hyliion 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).
10.4(a)†	Hyliion Inc. 2016 Equity Incentive Plan, Form of Incentive Stock Option Agreement (incorporated by reference to Appendix D to the foregoing 2016 Equity Incentive Plan).
10.4(b)†	Hyliion 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).

10.4(c)†	Hylion Inc. 2016 Equity Incentive Plan, Form of Stock Restriction Agreement (incorporated by reference to Appendix F to the foregoing 2016 Equity Incentive Plan).
10.5†	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).
10.5(a)†	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).
10.5(b)†	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).
10.5(c)††	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).
10.6†	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).
10.7†	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).
10.8+	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).
10.9+	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).
10.10+	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).
10.11† 10.11*	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.
10.12†	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).
10.12†	Amended and Restated Employment Agreement, dated February 24, 2022, by and between Hylion Holdings Corp. and Sherri Baker (incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 24, 2022).
10.13†	Amended and Restated Employment Agreement, dated February 24, 2022, by and between 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).
10.14†	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).
10.15†	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).
10.16†	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).
10.17†	Separation Employment Agreement, and General Release, dated September 15, 2022 September 12, 2022, by and between Hylion Holdings Corp. and Sherri Baker, Jon Panzer (incorporated by reference to Exhibit 10.110.2 to the Company's Quarterly Report on Form 10-Q (File No. 001-38823) filed with the SEC on November 9, 2022), November 9, 2022).
10.18† 10.18	Employment Agreement, dated September 12, 2022, by and between Hylion Holdings Corp. and Jon PanzerExecutive Severance Plan (incorporated by reference to Exhibit 10.210.1 to the Company's Company's Quarterly Report on Form 10-Q (File No. 001-38823) filed with the SEC on November 9, 2022), May 9, 2023).
14.1* 10.19	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).
10.20+*	Lease Agreement, dated May 10, 2023, by and between MELINK PROPERTIES LLC and Hylion Inc.
14.1	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).
21.1*	List of Subsidiaries.
23.1*	Consent of Grant Thornton Independent Registered Public Accounting Firm.
31.1*	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.

31.2*	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.
32.1*	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.
32.2*	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.
97.1*	Hylion Holdings Corp. Amended and Restated Clawback Policy.
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 28, 2023 February 13, 2024

By: /s/ Thomas Healy

Thomas Healy

President and 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	President and Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2023 13, 2024
/s/ Jon Panzer Jon Panzer	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 28, 2023 13, 2024
/s/ Andrew H. Card, Jr. Andrew H. Card, Jr.	Director	February 28, 2023 13, 2024
/s/ Elaine Rodger L. Chao Boehm Elaine Rodger L. Chao Boehm	Director	February 28, 2023 13, 2024
/s/ Jeffrey A. Craig Jeffrey A. Craig	Director	February 28, 2023 13, 2024
/s/ Vincent T. Cubbage Vincent T. Cubbage	Director	February 28, 2023 13, 2024
/s/ Richard J. Freeland Richard J. Freeland	Director	February 13, 2024
/s/ Mary E. Gustanski Mary E. Gustanski	Director	February 28, 2023 13, 2024
/s/ Howard Jenkins Howard Jenkins	Director	February 28, 2023
/s/ Robert M. Knight, Jr. Robert M. Knight, Jr.	Director	February 28, 2023 13, 2024
/s/ Stephen S. Pang Stephen S. Pang	Director	February 28, 2023 13, 2024
/s/ Melanie M. Trent Melanie M. Trent	Director	February 13, 2024

Hylion Holdings Corp. FOURTH AMENDMENT TO INDUSTRIAL LEASE

Form of Performance RSU Award Grant Notice

(2020 Equity Incentive Plan)

Hylion Holdings Corp. This Fourth Amendment to Industrial Lease (the "Company Amendment") has awarded is made and entered into by and among GSNTR ATX 1200 BMC DRIVE OWNER LP, a Delaware limited partnership ("Building 1 Owner"), GSNTR ATX 1202 BMC DRIVE OWNER LP, a Delaware limited partnership ("Building 2 Owner") (Building 1 Owner and Building 2 Owner are collectively referred to you herein as "Landlord"), and HYLIION INC., a Delaware corporation ("Tenant"), and is dated for reference purposes only as of November 14, 2023 (the "Amendment Date").

RECITALS:

WHEREAS, IGX Brushy Creek, LLC, a Texas limited liability company ("IGX"), and Tenant executed that certain Industrial Lease dated as of February 5, 2018 (the "Participant Original 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 that certain Third Amendment to Industrial Lease dated as of December 17, 2021 (the "Third 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 Building 2 located at 1202 BMC Drive, Cedar Park, Texas 78613 (the "1202 Space"), both part of the Brushy Creek Corporate Center, as such leased premises are more particularly described therein. The Original Lease, as so amended, is herein referred to as the "Existing Lease", and the premises leased to Tenant thereunder are herein referred to as the "Premises".

WHEREAS, Dogwood Propco TX III, L.P., a Delaware limited partnership ("Dogwood") is the number of performance-based restricted stock units ("successor-in-interest to IGX and Landlord is the successor-in-interest to Dogwood.

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

AGREEMENT:

NOW, THEREFORE, for and in consideration of your services (the 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, "PSU Award Lease" shall mean the Existing Lease, as amended by this Amendment.
2. **Reallocation of Third Expansion Allowance.** Notwithstanding anything in the Existing Lease to the contrary, Landlord and Tenant hereby agree to reallocate the Third Expansion Allowance as follows: (i) for the 1200 Space, a total amount equal 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. Any portion of the Third Expansion

Initials
Landlord Tenant

Allowance for which Tenant has not submitted to Landlord a written request for disbursement and satisfied all requirements to disbursement set forth in the Lease by May 31, 2024, subject to extension due to Unavoidable Delay and Landlord Delay, 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.

3. **Authority.** 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** (the "Estoppel"). Your PSU Award is 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. **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 in the Company's 2020 Equity Incentive Plan (the "neither Landlord nor Tenant has relied on any representations except as expressly set forth herein.
9. **Plan") and the Award Agreement (the "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), which are incorporated herein contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan this Amendment or the Agreement shall have the meanings set forth in the Plan or the Agreement.

Participant:

Date of Grant:

Target Number of PSUs for Each Performance Period

(the "Target PSUs"):

Performance Periods

(each annual period, a "Performance Period"): [January 1, 2021-December 31, 2021; January 1, 2022-December 31, 2022; January 1, 2023-December 31, 2023; Existing Lease, and January 1, 2024-December 31, 2024]

Total Number of Target PSUs for all Performance Periods: _____ no prior

Vesting: For the purpose of this PSU Award Agreement, each of the Initial Determination Date (as defined below) and the first, second and third anniversaries of the Initial Determination Date shall be deemed a vesting date, and each period from the grant date to the Initial Determination Date or from any vesting date to the next vesting date shall be deemed a vesting period.

(i) Upon the achievement of the applicable Performance Goals for the first Performance Period (i.e., January 1, 2021-December 31, 2021) as determined by the Board or the Compensation Committee, in its sole but reasonable discretion, one-fourth (1/4) of the Target PSUs for this Performance Period will vest upon the date of such determination for this Performance Period (the "Initial Determination Date") and upon each of the three anniversaries of the Initial Determination Date thereafter, provided that the Participant remains in Continuous Service from the grant date through an applicable vesting date for vesting to occur on such vesting date.

(ii) Upon the achievement of the applicable Performance Goals for the second Performance Period (i.e., January 1, 2022-December 31, 2022) as determined by the Board or the Compensation Committee on or prior to the first anniversary of the Initial Determination Date, in its sole but reasonable discretion, one-third (1/3) of the Target PSUs for this Performance Period will vest upon each of the first, second and third anniversaries of the Initial Determination Date, provided that the Participant remains in Continuous Service from the grant date through an applicable vesting date for vesting to occur on such vesting date.²

(iii) Upon the achievement of the applicable Performance Goals for the third Performance Period (i.e., January 1, 2023-December 31, 2023) as determined by the Board or the Compensation Committee on or prior to the second anniversary of the Initial Determination Date, in its sole but reasonable discretion, one-half (1/2) of the Target PSUs for this Performance Period will vest upon each of the second and third anniversaries of the Initial Determination Date, provided that the Participant remains in Continuous Service from the grant date through an applicable vesting date for vesting to occur on such vesting date.

¹

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

10. **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. **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.

[Signature page follows.]

3

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

TENANT:

HYLIION INC.,
a Delaware corporation

By: /s/ Dennis Gallagher
Name: Dennis Gallagher
Title: Chief Operating Officer
Date Signed: November 27, 2023

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 Degenaars Name: Dirk Degenaars Title: Managing Director

Date Signed: November 14, 2023

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/s Dirk Degenraars Name: Dirk Degenraars Title: Managing Director

Date Signed: November 14, 2023



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 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 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 , 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,

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.

10. There are no actions pending against Tenant under any bankruptcy or similar laws of the United States or any state.
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 or stored any hazardous materials or substances in the Leased Premises.
12. To Tenant's actual knowledge as of the date hereof without any duty to investigate or inquire, Tenant confirms that there has been no leakage of PFAS or any other hazardous materials or substances at the Leased Premises.

[Signature Page Follows]

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 HYLION 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

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 achievement 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

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 Performance Goals for governmental noise ordinance or creates a nuisance outside the fourth Performance Period (i.e., January 1, 2024-December 31, 2024) as determined by Premises, or (ii) overloads the Board floors or any other structural portions of the Premises or the Compensation Committee 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;

(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 **third anniversary** 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 **Initial Determination Date**, in its sole but reasonable discretion, **100%** same. If Tenant is unable to use all or a portion of the **Target PSUs** for this Performance Period will vest upon the **third anniversary** Premises as a result of the **Initial Determination Date**, presences of any such hazardous materials for which Tenant is not responsible for hereunder, then Tenant shall receive an abatement of Rent for each day

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 for 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 **Participant remains** extent reasonably possible. In any such event, Landlord shall use reasonable diligence to complete repairs promptly so as to minimize any resulting interruptions in **Continuous Service** 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 the grant that date through the vesting date for vesting to occur on which is three (3) business days after Tenant gives Landlord notice of such vesting date; interruption until such interruption ceases.

The Company may round up or down 3. **PUBLIC LIABILITY AND FIRE INSURANCE.**

10.1 **Public Liability Insurance.** Tenant shall procure and maintain commercial general liability insurance for the **number** Premises with policy limits of **Target PSUs** allocated to each vesting period described above within each Performance Period by not less than a single **share**, 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 **long 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 allocation agreement, result in a forfeiture of all or a part of the **total number of Target PSUs** added up for each Performance Period remain the same as the total number of Target PSUs for such Performance Period as indicated above next to "**Target Number of PSUs for Each Performance Period**". **insurance payment.**

Performance Criteria 10.2 **Fire and Performance Goals Casualty Insurance:** The Performance Criteria and Performance Goals. Except for each Performance Period are identified in **Exhibit A** the Tenant Improvements or other alterations or improvements to the Agreement (the "**Performance Criteria**" Premises made by Tenant, Landlord shall keep the Building and "**Performance Goals**").

Unless otherwise provided 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 Agreement, the Participant must be in **Continuous Service** throughout a Performance Period to remain eligible for any rights or interest term of this Lease, Tenant shall procure this type of insurance with respect to the **Target PSUs** for such Performance Period.

Settlement Date of Vested PSUs: As soon as practicable following each vesting date, but no later than March 15th of Tenant Improvements, and any other alterations and improvements installed on the calendar year following the calendar year in which each such vesting date occurs (the "Settlement Date").

Participant Acknowledgements: By your signature below or Property by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The PSU Award is governed by this PSU Award Grant Notice (the "Grant Notice"), and the provisions of the Plan and the Agreement, all of which are made a part of this document. Unless otherwise provided Tenant, in the Plan, 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 Grant Notice and Section 10.2 are referred to as "Insurance Costs." Tenant shall reimburse Landlord for the Agreement (together, the "PSU Award Agreement") may not be modified, amended or revised except Insurance Costs in a writing signed by you and a duly authorized officer of the Company.
- You have read and are familiar accordance with the provisions of Section 10.3

10.3 Insurance Cost Reimbursement. Tenant shall pay Landlord for all Insurance Costs incurred by Landlord during the Plan, term of this Lease with respect to the PSU Award Agreement 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

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 **Prospectus**. 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

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 conflict between taking or sale of the provisions kind described in the PSU Award Agreement, 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 Prospectus 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 Plan, same (provided that Landlord shall only be obligated to give Tenant notice of a failure to pay the terms 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 Plan Premises. This Lease shall control.

- The PSU Award Agreement sets forth 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 entire understanding 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 you the total amount of rent and other charges that Tenant agreed to pay for the balance of the term of this Lease and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of: (i) other equity awards previously granted to you, and (ii) any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this PSU Award[¹, subject to Section 13 fair rental value of the Agreement].¹

¹ To 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 inserted in agreements for Participants whose employment agreements with the Company 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 different vesting terms from those in this form PSU Award Agreement. 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

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

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,

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]

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 _____)

The foregoing instrument was acknowledged before me this ____ day of April, 2023, by _____, _____ of **Melink Properties LLC**, an Ohio limited liability company, on behalf of the limited liability company.

Hylion Holdings Corp.

By:

Signature

Participant:

Signature

Title:

Date:

Date:

(SEAL)

Notary Public

My commission expires:

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Hylion Holdings Corp.
2020 Equity Incentive Plan

Form of Award Agreement (PSU Award)

As reflected by your PSU Award Grant Notice ("Grant Notice"), Hylion Holdings Corp. (the "Company") has granted you a PSU Award under its 2020 Equity Incentive Plan (the "Plan") for the number of restricted stock units as indicated in your Grant Notice (the "PSU Award"). The terms of your PSU Award as specified in this Award Agreement for your PSU Award (the "Agreement") and the Grant Notice constitute your "PSU Award Agreement". Defined terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms applicable to your PSU Award are as follows:

- 1. Governing Plan Document.** Your PSU Award is subject to all the provisions of the Plan. Your PSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the PSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.
- 2. Grant of the PSU Award.** This PSU Award represents your right to be issued on a future date the number of shares of the Company's Common Stock that is equal to the number of performance-based restricted stock units indicated in the Grant Notice subject to your satisfaction of the vesting conditions set forth therein (the "Performance Restricted Stock Units"). Any additional Performance Restricted Stock Units that become subject to the PSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 3 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Performance Restricted Stock Units covered by your PSU Award.
- 3. Dividends.** You shall receive no benefit or adjustment to your PSU Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment as provided in the Plan; provided, however, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your PSU Award after such shares have been delivered to you.
- 4. Withholding Obligations.**
 - (a) Regardless of any action taken by the Company or, if different, the Affiliate to which you provide Continuous Service (the "Service Recipient") with respect to any income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items associated with the grant or vesting of the PSU Award or sale of the underlying Common Stock or other tax-related items related to your participation in the Plan and legally applicable to you (the "Tax Liability"), you hereby acknowledge and agree that the Tax Liability is your ultimate responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. You further acknowledge that the Company and the Service Recipient (i) make no representations or undertakings regarding any Tax Liability in connection with any aspect of this PSU Award, including, but not limited to, the grant or vesting of the PSU Award, the issuance of Common Stock pursuant to such vesting, the subsequent sale of shares of Common Stock, and the payment of any dividends on the Common Stock; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the PSU Award to reduce or eliminate your Tax Liability or achieve a particular tax result. Further, if you are subject to Tax Liability in more than one jurisdiction, you acknowledge that the

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Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax Liability in more than one jurisdiction.

- (b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Service Recipient to satisfy all Tax Liability. As further provided in Section 8 of the Plan, you hereby authorize the Company and any applicable Service Recipient to satisfy any applicable withholding obligations with regard to the Tax Liability by any of the following means or by a combination of such means: (i) causing you to pay any portion of the Tax Liability in cash or cash equivalent in a form acceptable to the Company; (ii) withholding from any compensation otherwise payable to you by the Company or the Service Recipient; (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award; provided, however, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Company's Compensation Committee; (iv) permitting or requiring you to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "FINRA Dealer"), pursuant to this authorization and without further consent, whereby you irrevocably elect to sell a portion of the shares of Common Stock to be delivered in connection with your Performance Restricted Stock Units to satisfy the Tax Liability and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Tax Liability directly to the Company or the Service Recipient; and/or (v) any other method determined by the Company to be in compliance with Applicable Law. Furthermore, you agree to pay the Company or the Service Recipient any amount the Company or the Service Recipient may be required to withhold, collect, or pay as a result of your participation in the Plan or that cannot be satisfied by the means previously described. In the event it is determined that the amount of the Tax Liability was greater than the amount withheld by the Company and/or the Service

Recipient (as applicable), you agree to indemnify and hold the Company and/or the Service Recipient (as applicable) harmless from any failure by the Company or the applicable Service Recipient to withhold the proper amount.

(c) The Company may withhold or account for your Tax Liability by considering statutory withholding amounts or other withholding rates applicable in your jurisdiction(s), including (i) maximum applicable rates in your jurisdiction(s), in which case you may receive a refund of any over-withheld amount in cash (whether from applicable tax authorities or the Company) and you will have no entitlement to the equivalent amount in Common Stock or (ii) minimum or such other applicable rates in your jurisdiction(s), in which case you may be solely responsible for paying any additional Tax Liability to the applicable tax authorities or to the Company and/or the Service Recipient. If the Tax Liability withholding obligation is satisfied by withholding shares of Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the vested portion of the PSU Award, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying such Tax Liability.

(d) You acknowledge that you may not participate in the Plan and the Company shall have no obligation to deliver shares of Common Stock until you have fully satisfied the Tax Liability, as determined by the Company. Unless any withholding obligation for the Tax Liability is satisfied, the Company shall have no obligation to deliver to you any Common Stock in respect of the PSU Award.

5. Date of Issuance.

(a) The issuance of shares in respect of the Performance Restricted Stock Units is intended to comply with U.S. Treasury Regulations Section 1.409A-3(a) and will be construed

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ENANT:

and administered in such HYLIION, INC. a manner. Subject to the satisfaction of the Tax Liability withholding obligation, if any, on the Settlement Date, the Company shall, in full satisfaction of the PSUs granted hereby, issue to you one (1) share of Common Stock multiplied by the number of vested PSUs earned thereby, as determined by the Board or the Compensation Committee based on upon its determination of achievement of the Performance Goals, in whole shares of Common Stock, rounded down to the nearest whole share. Each issuance date determined by this paragraph is referred to as an "*Original Issuance Date*".

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company's policies (a "**10b5-1 Arrangement**"), and

(ii) either (1) a Tax Liability withholding obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Tax Liability withholding obligation by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a "same day sale" commitment with a broker-dealer (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Tax Liability in cash, then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with U.S. Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of U.S. Treasury Regulations Section 1.409A-1(d).

6. Forfeiture.

(a) If the Participant has a termination of employment prior to the next vesting date (the "*Next Vesting Date*") for any reason, then except as provided in an employment agreement between the Company and the Participant then in effect, the Participant shall forfeit, and shall have no further rights or interest with respect to, any of the PSUs granted hereby to be vested on the Next Vesting Date or hereafter, with automatic and immediate effect as of the termination of employment date. Notwithstanding the foregoing, if the Participant's employment is terminated by the Company without

cause or due to the Participant's death or disability (within the meaning of Code Section 409A), the Participant will receive a pro-rated PSU Award on the Settlement Date immediately after the Next Vesting Date, provided that the Performance Goals for the Performance Period(s) based on which certain Target PSUs will be vested on the Next Vesting Date are met as determined by the Board or the Company's Compensation Committee, by multiplying the number of PSUs that would have vested on the Next Vesting Date had the Participant's employment not terminated by a fraction, the numerator of which is the number of full and partial months of employment completed during the vesting period immediately prior to the Next Vesting Date, and the denominator of which is the number of total months during the vesting period immediately prior to the Next Vesting Date.

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(b) The PSU Award, and the Board or the Compensation Committee's determination of the satisfaction of Performance Goals, shall be subject to adjustment by the Board or the Compensation Committee (i) as provided in the Plan, and (ii) in recognition of unusual or nonrecurring events affecting the Company or any Service Recipient, or the financial statements of the Company or any Service Recipient, or of changes in applicable laws, regulations or accounting principles, if the Board or the Compensation Committee determines that such adjustments are appropriate or necessary.

7. Transferability. Except as otherwise provided in the Plan, your PSU Award is not transferable, except by will or by the applicable laws of descent and distribution.

8. Corporate Transaction. Your PSU Award is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

9. No Liability for Taxes. As a condition to accepting the PSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the PSU Award or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the PSU Award and have either done so or knowingly and voluntarily declined to do so.

10. Severability. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

11. Other Documents. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

12. Questions. If you have questions regarding these or any other terms and conditions applicable to your PSU Award, including a summary of the applicable federal income tax consequences please see the Prospectus.

[13. Supersedes Previous Agreements.] This PSU Award Agreement supersedes all prior or contemporaneous negotiations, commitments, agreements (written or oral) and writings between the Company and the Participant with respect to the subject matter hereof including any prior commitment of the Company to issue an equal number of PSUs to the Participant in the Participant's employment agreement. All such other negotiations, commitments, agreements and writings will have no further force or effect, and the parties to any such other negotiation, commitment, agreement or writing will have no further rights or obligations thereunder.]² Delaware corporation

By: /s/ Thomas Healy

² To be inserted in agreements for Participants whose employment agreements with the Company provided for different vesting terms from those in this form PSU Award Agreement. Name: Thomas Healy

⁴ Title: CEO

STATE OF _____)
) SS:

COUNTY OF _____)

EXHIBIT A
TO
PSU AWARD AGREEMENT

Performance Criteria and Performance Goals for The foregoing instrument was acknowledged before me this ____ day of April, 2023, by _____, _____ of Hyliion, Inc., a Delaware corporation, on behalf of the First Performance Period (January 1, 2021-December 31, 2021)³ company.

Performance Criterion – Corporate Goals (100% Weighting):

Delivery of
Hypertruck
ERX System
Demonstration
Vehicles (40%
Weighting).⁴

(SEAL)

Threshold

Performance

Goal (50%
achievement).

Delivery of

three (3)

demonstration

vehicles

incorporating

the

Company's

Hypertruck

ERX to

customers

Target

Performance

Goal (100%
achievement):

Delivery of

five (5)

demonstration

vehicles

incorporating

the

Company's

Hypertruck

ERX to

customers

0 0 Notary Public

Hybrid System Installations (30% Weighting):

- o Threshold Performance Goal (50% achievement): 70 Hybrid System installations
- o Target Performance Goal (100% achievement): 100 Hybrid System installations

Securing Backlog of Binding Sales Orders for Hybrid System Units

(30% Weighting):

- o Threshold Performance Goal (10% achievement): 20 units
- o Target Performance Goal (100% achievement): 200 units

My commission expires:

3 Straight-line interpolation will be used to calculate achievement between threshold and target Performance Goals. The annual Performance Criteria and Performance Goals for each of the Second, Third and Fourth Performance Periods will be determined by the Board or the Compensation Committee during the 90 day period beginning January 1, 2022, January 1, 2023 and January 1, 2024 respectively.

4 Each delivered Hypertruck ERX System demonstration vehicle must satisfy the following requirements: (1) 500-mile range on one tank of fuel; (2) acceleration from 0-60 mph faster than 60 seconds (equivalent acceleration of a diesel truck); (3) achieving highway speed of 60 mph; and (4) achieving the above metrics when hauling 30K lbs of cargo.

EX-1

Hylion Holdings Corp.

Code of Business Conduct and Ethics

(Effective September 27, 2022)

Introduction

Hylion Holdings Corp. (the “**Company**,” “**Hylion**,” “**us**,” “**we**,” “**our**”) is committed to maintaining the highest standards of business conduct and ethics. This Code of Business Conduct and Ethics (this “**Code**”) reflects the business practices and principles of behavior that support this commitment. We expect every employee, officer and director to read and understand this Code and its application to the performance of his or her business responsibilities. References in this Code to employees are intended to cover officers and, as applicable, directors.

Officers, managers and other supervisors are expected to develop in employees a sense of commitment to the spirit, as well as the letter, of this Code. Supervisors are also expected to ensure that all agents and contractors conform to Code standards when working for or on behalf of Hylion. The compliance environment within each supervisor’s assigned area of responsibility will be an important factor in evaluating the quality of that individual’s performance. In addition, any employee who makes an exemplary effort to implement and uphold our legal and ethical standards may be recognized for that effort in his or her performance review. Nothing in this Code alters the at-will employment policy of the Company.

This Code cannot possibly describe every practice or principle related to honest and ethical conduct. This Code addresses conduct that is particularly important to proper dealings with the people and entities with whom we interact, but reflects only a part of our commitment. From time to time we may adopt additional policies and procedures with which our employees, officers and directors are expected to comply, if applicable to them. However, it is the responsibility of each employee to apply common sense, together with his or her own highest personal ethical standards, in making business decisions where there is no stated guideline in this Code.

Action by members of your immediate family, significant others or other persons who live in your household (referred to in this Code as “**family members**”) also may potentially result in ethical issues to the extent that they involve the Company’s business. For example, acceptance of inappropriate gifts by a family member from one of our partners or suppliers could create a conflict of interest and result in a Code violation attributable to you. Consequently, in complying with this Code, you should consider not only your own conduct, but also that of your immediate family members, significant others and other persons who live in your household.

By working at the Company, you agree to comply with the Code, and to revisit and review it regularly, and whenever we notify you of any material updates. If you don’t agree to comply, please let us know immediately.

You should not hesitate to ask questions about whether any conduct may violate this Code, voice concerns or clarify gray areas. Section 17 below details the compliance resources available to you. In addition, you should be alert to possible violations of this Code by others and report suspected violations, without fear of any form of retaliation, as further described in Section 16. Violations of this Code will not be tolerated. Any employee who violates the standards in this Code may be subject to disciplinary action, which, depending on the nature of the violation and the history of the employee, may range from a warning or reprimand to and including termination of employment and, in appropriate cases, civil legal action or referral for regulatory or criminal prosecution.

1. Honest and Ethical Conduct

It is the policy of the Company to promote high standards of integrity by conducting our affairs in an honest and ethical manner. The integrity and reputation of the Company depends on the honesty,

fairness and integrity brought to the job by each person associated with us. Unyielding personal integrity is the foundation of corporate integrity.

2. Legal Compliance

Obeying the law, both in letter and in spirit, is the foundation of this Code. Our success depends upon each employee's operating within legal guidelines and cooperating with local, national and international authorities (as further described in Section 5 with respect to international business laws). We expect employees to understand the legal and regulatory requirements applicable to their business units and areas of responsibility. We hold or provide access to periodic training sessions or relevant education in order to ensure that all employees comply with the relevant laws, rules and regulations associated with their employment, including laws prohibiting insider trading (which are discussed in further detail in [Section 3](#) below). While we do not expect you to memorize every detail of these laws, rules and regulations, we want you to be able to determine when to seek advice from others. If you do have a question in the area of legal compliance, it is important that you not hesitate to seek answers from your supervisor or the Compliance Officer (as further described in [Section 17](#)).

Disregard of the law will not be tolerated. Violation of domestic or foreign laws, rules and regulations may subject an individual, as well as the Company, to civil and/or criminal penalties. You should be aware that conduct and records, including emails, are subject to internal and external audits and to discovery by third parties in the event of a government investigation or civil litigation. It is in everyone's best interests to know and comply with our legal and ethical obligations.

3. Insider Trading

Employees who have access to confidential (or "nonpublic") information are not permitted to use or share that information for stock trading purposes or for any other purpose except to conduct our business. All nonpublic information about the Company or about companies with which we do business is considered confidential information. To use material, nonpublic information in connection with buying or selling securities, including "tipping" others who might make an investment decision on the basis of this information, is both unethical and illegal. Employees must exercise the utmost care when handling material nonpublic information. Please refer to the Company's Insider Trading Policy for more detailed information.

While not part of this Code, the Company's other policies that apply to the Company's employees, including the Company's Anti-Corruption Policy, which may differ by business area and jurisdiction, are developed to support and reinforce the principles set forth in this Code. These various separate policies and standards can be accessed electronically through the Company's intranet site, or by request to the Compliance Officer.

4. Regulatory Compliance

The Company's business is subject to, or may in the future be subject to, a number of legal and regulatory requirements. We expect employees to comply with all such requirements.

We also provide contract services to the Federal Government. Federal Government customers have unique requirements to ensure taxpayer dollars are spent on fair and reasonable contract prices. Our employees are expected to comply with these unique requirements, including the regulations outlined within the Federal Acquisition Regulations (FAR), specifically FAR 52.203-13. In accordance with these regulations, we maintain this code of business ethics and conduct. We make a copy of this document available to all employees engaged in contracts with our Government customers. This code of business ethics and compliance is available on our company website. Furthermore, we maintain an ongoing business ethics awareness and compliance program and a sound internal control system to address these unique requirements. Periodically, we provide training under this program to our employees, agents, and subcontractors. We also conduct periodic

reviews in order to ensure compliance under the special requirements of the Government and their contracts. We utilize an anonymous and confidential hotline to report suspicion of improper conduct. We also disclose any violations in a timely manner to the proper

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agencies. Our employees are protected from discharge, demotion, or other discrimination for reporting reasonable suspicion of improper conduct. We will not tolerate improper conduct. As such, disciplinary action will be taken when warranted. Our employees are expected to fully cooperate with any and all Government agencies as they investigate, audit, and take corrective action.

5. ***International Business Laws***

Our employees are expected to comply with the applicable laws in all countries to which they travel, in which they operate and where we otherwise do business, including laws prohibiting bribery, corruption or the conduct of business with specified individuals, companies or countries. The fact that in some countries certain laws are not enforced or that violation of those laws is not subject to public criticism will not be accepted as an excuse for noncompliance. In addition, we expect employees to comply with U.S. laws, rules and regulations governing the conduct of business by its citizens and corporations outside the United States.

These U.S. laws, rules and regulations, which extend to all our activities outside the United States, include:

- The Foreign Corrupt Practices Act, which prohibits directly or indirectly giving anything of value to a government official to obtain or retain business or favorable treatment and requires the maintenance of accurate books of account, with all company transactions being properly recorded;
- U.S. Embargoes, which generally prohibit U.S. companies, their subsidiaries and their employees from doing business with or traveling to countries subject to sanctions imposed by the U.S. government (currently Crimea, Cuba, North Korea, Sudan and Syria), as well as specific companies and individuals identified on lists published by the U.S. Treasury Department;
- U.S. Export Controls, which restrict exports from the United States and re-exports from other countries of goods, software and technology to many countries, and prohibits transfers of U.S.-origin items to denied persons and entities; and
- Antiboycott Regulations, which prohibit U.S. companies from taking any action that has the effect of furthering or supporting a restrictive trade practice or boycott imposed by a foreign country against a country friendly to the United States or against any U.S. person.

If you have a question as to whether an activity is restricted or prohibited, seek assistance before taking any action, including giving any verbal assurances that might be regulated by international laws. You should consult our Anti-Corruption Policy and our Export Control and Sanctions Compliance Policy for more specific information on compliance with the Foreign Corruption Practices Act and other anti-corruption laws.

6. ***Antitrust***

Antitrust laws are designed to protect the competitive process. These laws are based on the premise that the public interest is best served by vigorous competition and will suffer from illegal agreements or collusion among competitors. Antitrust laws generally prohibit:

- agreements, formal or informal, with competitors that harm competition or customers, including price fixing and allocations of customers, territories or contracts;
- agreements, formal or informal, that establish or fix the price at which a customer may resell a product; and
- the acquisition or maintenance of a monopoly or attempted monopoly through anti-competitive conduct.

3.

Certain kinds of information, such as pricing, production, inventory, business plans, strategies, budgets, projections, forecasts, financial and operating information, methods and development plans, should not be exchanged with competitors, regardless of how innocent or casual the exchange may be and regardless of the setting, whether business or social.

Antitrust laws impose severe penalties for certain types of violations, including criminal penalties and potential fines and damages of millions of dollars, which may be tripled under certain circumstances. Understanding the requirements of antitrust and unfair competition laws of the various jurisdictions where we do business can be difficult, and you are urged to seek assistance from your supervisor or the Compliance Officer whenever you have a question relating to these laws.

7. Environmental Compliance

Federal law imposes criminal liability on any person or company that contaminates the environment with any hazardous substance that could cause injury to the community or environment. Violation of environmental laws can involve monetary fines and imprisonment. We expect employees to comply with all applicable environmental laws.

It is our policy to conduct our business in an environmentally responsible way that minimizes environmental impacts. We are committed to minimizing and, if practicable, eliminating the use of any substance or material that may cause environmental damage, reducing waste generation and disposing of all waste through safe and responsible methods, minimizing environmental risks by employing safe technologies and operating procedures, and being prepared to respond appropriately to accidents and emergencies.

8. Conflicts of Interest

We respect the rights of our employees to manage their personal affairs and investments and do not wish to impinge on their personal lives. At the same time, employees should avoid conflicts of interest that occur when their personal interests may interfere in any way with the performance of their duties or the best interests of the Company. A conflicting personal interest could result from an expectation of personal gain now or in the future or from a need to satisfy a prior or concurrent personal obligation. We expect our employees to be free from influences that conflict with the best interests of the Company or might deprive the Company of their undivided loyalty in business dealings. Even the appearance of a conflict of interest where none actually exists can be damaging and should be avoided. Whether or not a conflict of interest exists or will exist can be unclear. Conflicts of interest are prohibited unless specifically authorized as described below.

If you have any questions about a potential conflict or if you become aware of an actual or potential conflict, and you are not an officer or director of the Company, you must discuss the matter with your supervisor or the Compliance Officer (as further described in Section 17). Supervisors may not make determinations as to whether a problematic conflict of interest exists without first seeking the approval of the Compliance Officer and providing the Compliance Officer with a written description of the activity. If the supervisor is involved in the potential or actual conflict, you should discuss the matter directly with the Compliance Officer. Officers and directors may seek determinations from the Nominating and Corporate Governance Committee (the "**Nominating Committee**") of the Company's Board of Directors (the "**Board of Directors**"). Factors that may be considered in evaluating a potential conflict of interest are, among others:

- whether it may interfere with the employee's job performance, responsibilities or morale;
- whether the employee has access to confidential information;
- whether it may interfere with the job performance, responsibilities or morale of others within the organization;
- any potential adverse or beneficial impact on our business;

4.

- any potential adverse or beneficial impact on our relationships with our customers or suppliers or other service providers;
- whether it would enhance or support a competitor's position;
- the extent to which it would result in financial or other benefit (direct or indirect) to the employee;
- the extent to which it would result in financial or other benefit (direct or indirect) to one of our customers, suppliers or other service providers; and
- the extent to which it would appear improper to an outside observer.

Although no list can include every possible situation in which a conflict of interest could arise, the following are examples of situations that may, depending on the facts and circumstances, involve problematic conflicts of interests:

- **Employment by (including consulting for) or service on the board of a competitor, collaborator, partner, customer or supplier or other service provider.** Activity that enhances or supports the position of a competitor to the detriment of the Company is prohibited, including employment by or service on the board of a competitor. Employment by or service on the board of a collaborator, partner, customer or supplier or other service provider is generally discouraged and you must seek authorization in advance if you plan to take such a position.
- **Owning, directly or indirectly, a significant financial interest in any entity that does business, seeks to do business or competes with us.** In addition to the factors described above, persons evaluating ownership in other entities for conflicts of interest will consider the size and nature of the investment; the nature of the relationship between the other entity and the Company; the employee's access to confidential information and the employee's ability to influence Company decisions. If you would like to acquire a financial interest of that kind, you must seek approval in advance.
- **Soliciting or accepting gifts, favors, or any other benefit or benefits (including reputational), loans or preferential treatment from any person or entity that does business or seeks to do business with us.** See Section 12 for further discussion of the issues involved in this type of conflict.
- **Soliciting contributions to any charity or for any political candidate from any person or entity that does business or seeks to do business with us.**
- **Taking personal advantage of corporate opportunities.** See Section 9 for further discussion of the issues involved in this type of conflict.
- **Moonlighting without permission.**
- **Conducting our business transactions with your family member or a business in which you have a significant financial interest.** Material related-party transactions approved by the Nominating Committee and involving any executive officer or director will be publicly disclosed as required by applicable laws and regulations in keeping with the Company's Related Person Transactions Policy.
- **Exercising supervisory or other authority on behalf of the Company over a co-worker who is also a family member.** The employee's supervisor and/or the Compliance Officer will consult with the Human Resources department to assess the advisability of reassignment.

Loans to, or guarantees of obligations of, employees or their family members by the Company are of special concern and could constitute an improper personal benefit to the recipients of these loans or guarantees, depending on the facts and circumstances. Some loans are expressly prohibited by law and applicable law requires that our Board of Directors approve all loans and guarantees to employees. As a result, all loans and guarantees by the Company must be approved in advance by the Board of Directors or the Nominating Committee.

5.

9. **Corporate Opportunities**

You may not take personal advantage of opportunities for the Company that are presented to you or discovered by you as a result of your position with us or through your use of corporate property or information, unless authorized by your supervisor, the Compliance Officer or the Nominating Committee, as described in Section 8 above. Even opportunities that are acquired privately by you may be questionable if they are related to our existing or proposed lines of business. Significant participation in an investment or outside business opportunity that is directly related to our lines of business must be pre-approved. You may not use your position with us or corporate property or information for improper personal gain, nor should you compete with us in any way.

10. **Maintenance of Corporate Books, Records, Documents and Accounts; Financial Integrity; Public Reporting**

The integrity of our records and public disclosure depends upon the validity, accuracy and completeness of the information supporting the entries to our books of account. Therefore, our corporate and business records should be completed accurately and honestly. The making of false or misleading entries, whether they relate to financial results or test results, is strictly prohibited. Our records serve as a basis for managing our business and are important in meeting our obligations to customers, suppliers, creditors, employees and others with whom we do business. As a result, it is important that our books, records and accounts accurately and fairly reflect, in reasonable detail, our assets, liabilities, revenues, costs and expenses, as well as all transactions and changes in assets and liabilities. We require that:

- no entry be made in our books and records that intentionally hides or disguises the nature of any transaction or of any of our liabilities or misclassifies any transactions as to accounts or accounting periods;
- transactions be supported by appropriate documentation;
- the terms of sales and other commercial transactions be reflected accurately in the documentation for those transactions and all such documentation be reflected accurately in our books and records;

- employees comply with our system of internal controls; and
- no cash or other assets be maintained for any purpose in any unrecorded or "off-the-books" fund.

Our accounting records are also relied upon to produce reports for our management, stockholders and creditors, as well as for governmental agencies. In particular, we rely upon our accounting and other business and corporate records in preparing the periodic and current reports that we file with the Securities and Exchange Commission (the "SEC"). Securities laws require that these reports provide full, fair, accurate, timely and understandable disclosure and fairly present our financial condition and results of operations. Employees who collect, provide or analyze information for or otherwise contribute in any way in preparing or verifying these reports should strive to ensure that our financial disclosure is accurate and transparent and that our reports contain all of the information about the Company that would be important to enable stockholders and potential investors to assess the soundness and risks of our business and finances and the quality and integrity of our accounting and disclosures. In addition:

- no employee may take or authorize any action that would cause our financial records or financial disclosure to fail to comply with generally accepted accounting principles, the rules and regulations of the SEC or other applicable laws, rules and regulations;
- all employees must cooperate fully with our Finance and Accounting Personnel, as well as our independent public accountants and counsel, respond to their questions with candor and provide them with complete and accurate information to help ensure that our books and records, as well as our reports filed with the SEC, are accurate and complete;

6.

- no employee, director or person acting under their direction, may coerce, manipulate, mislead or fraudulently influence our Finance and Accounting Personnel, our independent public accountants or counsel; and
- no employee should knowingly make (or cause or encourage any other person to make) any false or misleading statement in any of our reports filed with the SEC or knowingly omit (or cause or encourage any other person to omit) any information necessary to make the disclosure in any of our reports accurate in all material respects.

Any employee who becomes aware of any departure from these standards has a responsibility to report his or her knowledge promptly to a supervisor, the Compliance Officer, the Audit Committee or one of the other compliance resources described in Section 17 or in accordance with the provisions of the Company's Whistleblower Policy For Accounting and Auditing Matters (the "**Whistleblower Policy**").

11. Fair Dealing

We strive to outperform our competition fairly and honestly. Advantages over our competitors are to be obtained through superior performance of our products and services, not through unethical or illegal business practices. Acquiring proprietary information from others through improper means, possessing trade secret information that was improperly obtained, or inducing improper disclosure of confidential information from past or present employees of other companies is prohibited, even if motivated by an intention to advance our interests. If information is obtained by mistake that may constitute a trade secret or other confidential information of another business, or if you have any questions about the legality of proposed information gathering, you must consult your supervisor or the Compliance Officer, as further described in Section 17.

You are expected to deal fairly with our customers, suppliers, employees and anyone else with whom you have contact in the course of performing your job. Be aware that the Federal Trade Commission Act provides that "unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are declared unlawful." It is a violation of the Federal Trade Commission Act to engage in deceptive, unfair or unethical practices and to make misrepresentations in connection with sales activities.

Employees involved in procurement have a special responsibility to adhere to principles of fair competition in the purchase of products and services by selecting suppliers based exclusively on normal commercial considerations, such as quality, cost, availability, service and reputation, and not on the receipt of special favors.

12. Gifts and Entertainment

Business gifts and entertainment are meant to create goodwill and sound working relationships and not to gain improper advantage with customers or facilitate approvals from government officials. The exchange, as a normal business courtesy, of meals or entertainment (such as tickets to a game or the theatre or a round of golf) is a common and acceptable practice as long as it is not extravagant. Unless express permission is received from a supervisor, the Compliance Officer or the Nominating Committee, gifts and entertainment cannot be offered, provided or accepted by any employee unless consistent with customary business

practices and not (a) of more than token or nominal monetary value, (b) in cash, (c) susceptible of being construed as a bribe or kickback, (d) made or received on a regular or frequent basis or (e) in violation of any laws. This principle applies to our transactions everywhere in the world, even where the practice is widely considered "a way of doing business." Employees should not accept gifts or entertainment that may reasonably be deemed to affect their judgment or actions in the performance of their duties. Our customers, suppliers and the public at large should know that our employees' judgment is not for sale.

Under some statutes, such as the U.S. Foreign Corrupt Practices Act (further described in Section 5 above), giving anything of value to a government official to obtain or retain business or favorable treatment is a criminal act subject to prosecution and conviction. Discuss with your supervisor or the Compliance Officer any proposed entertainment or gifts if you are uncertain about their appropriateness.

7.

13. Protection and Proper Use of Company Assets

All employees are expected to protect our assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on our financial condition and results of operations. Our property, such as office supplies, computer equipment, laboratory or manufacturing supplies, and office, laboratory or manufacturing space are expected to be used only for legitimate business purposes, although incidental personal use may be permitted. You may not, however, use the Company's corporate name, any brand name or trademark owned or associated with the Company or any letterhead stationery for any personal purpose.

You may not, while acting on behalf of the Company or while using our computing or communications equipment or facilities, either:

- access the internal computer system (also known as "hacking") or other resource of another entity without express written authorization from the entity responsible for operating that resource; or
- commit any unlawful or illegal act, including harassment, libel, fraud, sending of unsolicited bulk email (also known as "spam") or material of objectionable content in violation of applicable law, trafficking in contraband of any kind or any kind of espionage.

If you receive authorization to access another entity's internal computer system or other resource, you must make a permanent record of that authorization so that it may be retrieved for future reference, and you may not exceed the scope of that authorization.

Unsolicited bulk email is regulated by law in a number of jurisdictions. If you intend to send unsolicited bulk email to persons outside of the Company, either while acting on our behalf or using our computing or communications equipment or facilities, you should contact your supervisor or the Compliance Officer for prior approval.

All data residing on or transmitted through our computing and communications facilities, including email and word processing documents, is the property of the Company and subject to inspection, retention and review by the Company, with or without an employee's or third party's knowledge, consent or approval, in accordance with applicable law. Any misuse or suspected misuse of our assets must be immediately reported to your supervisor or the Compliance Officer.

14. Confidentiality

One of our most important assets is our confidential information. As an employee of the Company, you may learn of information about the Company that is confidential and proprietary. You also may learn of information before that information is released to the general public. Employees who have received or have access to confidential information should take care to keep this information confidential. Confidential information includes non-public information that might be of use to competitors or harmful to the Company or its customers if disclosed, such as business plans, scientific and technical strategies, financial information, information related to the Company's research, testing platforms and sequencing methods, data and results, designs, ideas, inventions and new developments and methods, works of authorship, trade secrets, processes, protocols, conceptions, formulas, patents, patent applications, licenses, suppliers, manufacturers, raw material and product specifications, customers, market data, personnel data, personally identifiable information pertaining to our employees, customers or other individuals (including, for example, names, addresses, telephone numbers and social security numbers), and similar types of information provided to us by our customers, suppliers and partners. This information may be protected by patent, trademark, copyright and trade secret laws.

In addition, because we interact with other companies and organizations, there may be times when you learn confidential information about other companies before that information has been made available to the public. You must treat this information in the same manner as you are required to treat our confidential and proprietary information. There may even be times when you must treat as confidential the fact that we have an interest in, or are involved with, another company.

8.

You are expected to keep confidential and proprietary information confidential unless and until that information is released to the public through approved channels (usually through a press release, an SEC filing or a formal communication from a member of senior management, as further described in Section 15). Every employee has a duty to refrain from disclosing to any person confidential or proprietary information about us or any other company learned in the course of employment here, until that information is disclosed to the public through approved channels. This policy requires you to refrain from discussing confidential or proprietary information with outsiders and even with other employees of the Company, unless those fellow employees have a legitimate need to know the information in order to perform their job duties (for additional information please refer to our Social Media Policy). Unauthorized use or distribution of this information could also be illegal and result in civil liability and/or criminal penalties.

You should also take care not to inadvertently disclose confidential information. Materials that contain confidential information, such as memos, notebooks, mobile devices, thumb drives or other data storage devices, and laptop computers, should be stored securely. Unauthorized posting or discussion of any information concerning our business, information or prospects on the Internet is prohibited, including on Internet forums, message boards, social media sites, "chat rooms" and other Internet discussion forums, regardless of whether you use your own name or a pseudonym. Be cautious when discussing sensitive information in public places like elevators, airports, restaurants and "quasi-public" areas in and around our place of business. All Company emails, voicemails and other communications are presumed confidential and should not be forwarded or otherwise disseminated outside of the Company except where required for legitimate business purposes.

In addition to the above responsibilities, if you are handling information protected by any privacy policy published by us, such as our website privacy policy, then you must handle that information in accordance with the applicable policy.

15. Media/Public Discussions

It is our policy to disclose material information concerning the Company to the public only through specific limited channels to avoid inappropriate publicity and to ensure that all those with an interest in the company will have equal access to information. All inquiries or calls from the press and financial analysts should be referred to the Company's Chief Executive Officer (the "CEO") or Chief Financial Officer (the "CFO"). We have designated our CEO and CFO as our official spokespersons for financial, scientific, clinical, technical and other related information. Unless a specific exception has been made by the CEO or CFO, these designees are the only people who may communicate with the press on behalf of the Company. You also may not provide any information to the media about us off the record, for background, confidentially or secretly.

16. Waivers

Any waiver of this Code for executive officers (including, where required by applicable laws, our principal executive officer, principal financial officer, principal accounting officer or controller (or persons performing similar functions)) or directors may be authorized only by our Board of Directors or, to the extent permitted by the rules of The New York Stock Exchange and our Corporate Governance Guidelines, a committee of the Board of Directors, and will be disclosed as required by applicable laws, rules and regulations.

17. Compliance Standards and Procedures

Compliance Resources

To facilitate compliance with this Code, we have implemented a program of Code awareness, training and review. We have initially appointed our Chief Financial Officer as the Compliance Officer to oversee this program, who can be reached at greg.vandeve@hyliion.com. In the future, we may appoint another senior officer, such as a general counsel, as the Compliance Officer to oversee the program. The Compliance Officer is a person to whom you can address any questions or concerns. In addition to

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fielding questions or concerns with respect to potential violations of this Code, the Compliance Officer is responsible for:

- investigating possible violations of this Code;

- training new employees in Code policies;
- conducting annual training sessions to refresh employees' familiarity with this Code;
- distributing copies of this Code annually via email and the Company's secure internal human resources website to each employee with a reminder that each employee is responsible for reading, understanding and complying with this Code;
- updating this Code as needed and alerting employees to any updates, with appropriate approval of the Board of Directors or Nominating Committee, as appropriate, to reflect changes in the law, Company operations and recognized best practices, and to reflect the Company's experience; and
- otherwise promoting an atmosphere of responsible and ethical conduct.

Your most immediate resource for any matter related to this Code is your supervisor. He or she may have the information you need or may be able to refer the question to another appropriate source. There may, however, be times when you prefer not to go to your supervisor. In these instances, you should feel free to discuss your concern with the Compliance Officer. Of course, if your concern involves potential misconduct by another person and relates to questionable accounting or auditing matters under the Company's Whistleblower Policy, you may report that violation as set forth in such policy.

EthicsPoint, a toll-free help line at 1-844-989-2949, and hylion.ethicspoint.com, a dedicated webpage are also available to those who wish to ask questions about Company policy, seek guidance on specific situations or report violations of this Code. You may call the toll-free number anonymously if you prefer as it is not equipped with caller identification, although the Compliance Officer will be unable to obtain follow-up details from you that may be necessary to investigate the matter. Whether you identify yourself or remain anonymous, your telephonic or email contact with EthicsPoint will be kept strictly confidential to the extent reasonably possible within the objectives of this Code, and subject to applicable law, regulations or legal proceeding.

Clarifying Questions and Concerns; Reporting Possible Violations

If you encounter a situation or are considering a course of action and its appropriateness is unclear, discuss the matter promptly with your supervisor or the Compliance Officer; even the appearance of impropriety can be very damaging and should be avoided.

If you are aware of a suspected or actual violation of Code standards by others, you have a responsibility to report it. You are expected to promptly provide a compliance resource with a specific description of the violation that you believe has occurred, including any information you have about the persons involved and the time of the violation. Whether you choose to speak with your supervisor or the Compliance Officer, you should do so without fear of any form of retaliation. We will take prompt disciplinary action against any employee who retaliates against you, including termination of employment.

Supervisors must promptly report any complaints or observations of Code violations to the Compliance Officer. If you believe your supervisor has not taken appropriate action, you should contact the Compliance Officer directly. The Compliance Officer will investigate all reported possible Code violations promptly and with the highest degree of confidentiality that is possible under the specific circumstances. Neither you nor your supervisor may conduct any preliminary investigation, unless authorized to do so by the Compliance Officer. Your cooperation in the investigation will be expected. As needed, the Compliance Officer will consult with legal counsel, the Human Resources department and/or Nominating Committee. It is our policy to employ a fair process by which to determine violations of this Code.

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With respect to any complaints or observations of violations that may involve accounting, internal accounting controls and auditing concerns, under the Company's Whistleblower Policy, the Compliance Officer shall promptly inform the Audit Committee, and the Audit Committee shall be responsible for supervising and overseeing the inquiry and any investigation that is undertaken. If a potential violation is reported via the confidential hotline or email address as provided under the Whistleblower Policy, the Audit Committee will be notified automatically and directly.

If any investigation indicates that a violation of this Code has probably occurred, we will take such action as we believe to be appropriate under the circumstances. If we determine that an employee is responsible for a Code violation, he or she will be subject to disciplinary action up to, and including, termination of employment and, in appropriate cases, civil action or referral for criminal prosecution. Appropriate action may also be taken to deter any future Code violations.

18. Changes; Annual Review

Any changes to this Code may only be made by the Nominating Committee and will be recommended to the Board of Directors for approval and effective upon approval by the Board of Directors. The Nominating Committee will review and reassess the adequacy of this Code at least annually, and recommend to the Board of Directors any changes the Nominating Committee determines are appropriate. All changes must be promptly disclosed as required by law or regulation.

19. Website Disclosure

This Code, as may be amended from time to time, shall be posted on the Company's website. The Company shall state in its annual proxy statement that this Code is available on the Company's website and provide the website address as required by law or regulation.

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Exhibit 21.1

Subsidiaries of the Registrant
Hylion Inc.

State of Incorporation
Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our **reports report** dated **February 28, 2023, February 13, 2024** with respect to the consolidated financial statements **and internal control over financial reporting** included in the Annual Report of Hylion Holdings Corp. on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**. We consent to the incorporation by reference of said **reports report** in the Registration Statements of Hylion Holdings Corp. on Form S-8 (File No. 333-251328) and Form S-3 (File No. 333-249649).

/s/ GRANT THORNTON LLP

Dallas, Texas

February 28, 2023 13, 2024

Exhibit 31.1

CERTIFICATIONS
CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Thomas Healy, certify that:

- (1) I have reviewed this Annual Report on Form 10-K of Hylion 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 28, 2023** February
13, 2024

by: /s/ Thomas Healy

Thomas Healy
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 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 28, 2023** February
13, 2024

by: /s/ Jon Panzer

Jon Panzer
Chief Financial Officer
(Principal Financial Officer)

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, 2022** December 31, 2023, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Thomas Healy, **President and** 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, **President and** Chief Executive Officer (Principal Executive Officer)

February **28, 2023** 13, 2024

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 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, 2022** December 31, 2023, 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 **28, 2023** 13, 2024

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.

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- 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;

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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.

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