REFINITIV

DELTA REPORT

10-Q

HYLN - HYLIION HOLDINGS CORP.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1028
CHANGES	109
DELETIONS	450
ADDITIONS	469

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

FORM 10-Q

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

For the quarterly period ended September 30, 2023 March 31, 2024

OR

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

For the transition period from __________to __________

Commission File No. 001-38823

HYLIION HOLDINGS CORP.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	83-2538002
(State or Other Jurisdiction of Incorporation)	(IRS Employer Identification No.)
1202 BMC Drive, Suite 100, Cedar Park, TX	78613
(Address of Principal Executive Offices)	(Zip Code)

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

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 x 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 x No ☐

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

Large accelerated filer	☐	Accelerated filer	x☐
Non-accelerated filer	☐x	Smaller reporting company	☐x
		Emerging growth company	☐

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

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

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	HYLN	The New York Stock Exchange

As of October 31, 2023 April 23, 2024, 182,789,454 174,035,799 shares of common stock, par value $0.0001 per share, were issued and outstanding.

HYLIION HOLDINGS CORP.
FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2023 MARCH 31, 2024
TABLE OF CONTENTS

INDEX

		Page
PART I. FINANCIAL INFORMATION		
Item 1.	Financial Statements (Unaudited)	1
	Condensed Consolidated Balance Sheets	1
	Condensed Consolidated Statements of Operations	2
	Condensed Consolidated Statements of Changes in Stockholders' Equity	3
	Condensed Consolidated Statements of Cash Flows	4
	Notes to Condensed Consolidated Financial Statements	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	14 12
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	25 21
Item 4.	Controls and Procedures	25 21
PART II. OTHER INFORMATION		
Item 1.	Legal Proceedings	26 22
Item 1A.	Risk Factors	26 22
Item 2.	Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities	27 22
Item 3.	Defaults Upon Senior Securities	27 22
Item 4.	Mine Safety Disclosures	28 22
Item 5.	Other Information	28 22
Item 6.	Exhibits	29 23

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2023	December 31, 2022
	(Unaudited)	

March 31, 2024	March 31, 2024	December 31, 2023
(Unaudited)		
Assets		

Assets			
Assets	**Assets**		
Current assets	Current assets		
Current assets			
Current assets			
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	$ 28,600	$ 119,468
Accounts receivable	Accounts receivable	140	1,136
Inventory		139	74
Prepaid expenses and other current assets	Prepaid expenses and other current assets	11,509	9,795
Short-term investments	Short-term investments	153,625	193,740
Assets held for sale			
Total current assets	Total current assets	194,013	324,213
Property and equipment, net	Property and equipment, net	11,076	5,606
Property and equipment, net			
Property and equipment, net			
Operating lease right-of-use assets	Operating lease right-of-use assets	7,494	6,470
Intangible assets, net		200	200
Other assets	Other assets	2,038	1,686
Long-term investments	Long-term investments	141,324	108,568
Total assets	**Total assets**	$ 356,145	$ 446,743
Liabilities and stockholders' equity	**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	$ 3,507	$ 2,800
Current portion of operating lease liabilities	Current portion of operating lease liabilities	807	347

Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	8,867	11,535
Total current liabilities	Total current liabilities	13,181	14,682
Operating lease liabilities, net of current portion	Operating lease liabilities, net of current portion	7,354	6,972
Operating lease liabilities, net of current portion			
Operating lease liabilities, net of current portion			
Other liabilities	Other liabilities	1,248	1,515
Total liabilities	**Total liabilities**	21,783	23,169
Commitments and contingencies (Note 11)			
Commitments and contingencies (Note 9)			
Commitments and contingencies (Note 9)			
Commitments and contingencies (Note 9)			
Stockholders' equity	**Stockholders' equity**		
Common stock, $0.0001 par value; 250,000,000 shares authorized; 182,716,445 and 179,826,309 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively		18	18
Stockholders' equity			
Stockholders' equity			
Common stock, $0.0001 par value; 250,000,000 shares authorized; 184,016,695 and 183,071,317 shares issued at March 31, 2024 and December 31, 2023, respectively; 175,304,238 and 183,034,255 shares outstanding as of March 31, 2024 and December 31, 2023, respectively			
Common stock, $0.0001 par value; 250,000,000 shares authorized; 184,016,695 and 183,071,317 shares issued at March 31, 2024 and December 31, 2023, respectively; 175,304,238 and 183,034,255 shares outstanding as of March 31, 2024 and December 31, 2023, respectively			

Common stock, $0.0001 par value; 250,000,000 shares authorized; 184,016,695 and 183,071,317 shares issued at March 31, 2024 and December 31, 2023, respectively; 175,304,238 and 183,034,255 shares outstanding as of March 31, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	402,978	397,810
(Accumulated deficit) retained earnings		(68,634)	25,746
Treasury stock, at cost; 8,712,457 and 37,062 shares as of March 31, 2024 and December 31, 2023, respectively			
Accumulated deficit			
Total stockholders’ equity	Total stockholders’ equity	334,362	423,574
Total liabilities and stockholders’ equity	**Total liabilities and stockholders’ equity**	$ 356,145	$ 446,743

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

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

		Three Months Ended September 30,		**Nine Months Ended September 30,**	
		2023	**2022**	**2023**	**2022**
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
Revenues					
Revenues					
Revenues	**Revenues**				
Product sales and other	Product sales and other	$ 96	$ 499	$ 672	$ 1,011
Product sales and other					
Product sales and other					

Total revenues					
Total revenues					
Total revenues	Total revenues	96	499	672	1,011
Cost of revenues	**Cost of revenues**				
Cost of revenues					
Cost of revenues					
Product sales and other					
Product sales and other					
Product sales and other	Product sales and other	677	2,916	1,675	7,160
Total cost of revenues	Total cost of revenues	677	2,916	1,675	7,160
Total cost of revenues					
Total cost of revenues					
Gross loss					
Gross loss					
Gross loss	**Gross loss**	(581)	(2,417)	(1,003)	(6,149)
Operating expenses	**Operating expenses**				
Operating expenses					
Operating expenses					
Research and development					
Research and development					
Research and development	Research and development	25,115	52,678	73,472	88,543
Selling, general and administrative	Selling, general and administrative	8,186	10,264	30,265	32,255
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	33,301	62,942	103,737	120,798
Total operating expenses					
Total operating expenses					
Loss from operations					
Loss from operations					
Loss from operations	**Loss from operations**	(33,882)	(65,359)	(104,740)	(126,947)
Interest income	Interest income	3,534	1,926	10,345	3,066
Gain (loss) on disposal of assets		—	46	1	(89)
Other income, net		26	—	14	—
Interest income					
Interest income					
Gain on disposal of assets					
Gain on disposal of assets					
Gain on disposal of assets					
Other expense, net					

Other expense, net					
Other expense, net					
Net loss					
Net loss					
Net loss	**Net loss**	$ (30,322)	$ (63,387)	$ (94,380)	$ (123,970)
Net loss per share, basic and diluted	Net loss per share, basic and diluted	$ (0.17)	$ (0.36)	$ (0.52)	$ (0.71)
Net loss per share, basic and diluted					
Net loss per share, basic and diluted					
Weighted-average shares outstanding, basic and diluted	Weighted-average shares outstanding, basic and diluted	181,641,060	174,345,022	180,914,250	173,945,156
Weighted-average shares outstanding, basic and diluted					
Weighted-average shares outstanding, basic and diluted					

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

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

	Three Months Ended March 31, 2024	**Three Months Ended March 31, 2024**				
	Common Stock	**Common Stock**	**Treasury Stock**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Total Stockholders' Equity**
Balance at December 31, 2023						
Balance at December 31, 2023						
Balance at December 31, 2023						
Exercise of common stock options and vesting of restricted stock units, net						
Share-based compensation						
Repurchase of treasury stock						
Net loss						
Balance at March 31, 2024						
	Nine Months Ended September 30, 2023					

	Common Stock		Additional Paid-In Capital	(Accumulated Deficit) Retained Earnings	Total Stockholders' Equity
	Shares	Amount			

Three Months Ended March 31, 2023

Three Months Ended March 31, 2023

Three Months Ended March 31, 2023

	Common Stock	Treasury Stock	Additional Paid-In Capital	(Accumulated Deficit) Retained Earnings	Total Stockholders' Equity
Common Stock					

Balance at December 31, 2022

Balance at December 31, 2022

	Shares	Amount	Additional Paid-In Capital	(Accumulated Deficit) Retained Earnings	Total Stockholders' Equity
Balance at December 31, 2022	179,826,309	$ 18	$ 397,810	$ 25,746	$ 423,574
Exercise of common stock options and vesting of restricted stock units, net	869,263	—	(176)	—	(176)
Share-based compensation	—	—	2,040	—	2,040
Net loss	—	—	—	(28,831)	(28,831)
Balance at March 31, 2023	180,695,572	18	399,674	(3,085)	396,607
Exercise of common stock options and vesting of restricted stock units, net	456,579	—	44	—	44
Share-based compensation	—	—	1,721	—	1,721
Net loss	—	—	—	(35,227)	(35,227)
Balance at June 30, 2023	181,152,151	18	401,439	(38,312)	363,145
Exercise of common stock options and vesting of restricted stock units, net	1,564,294	—	130	—	130
Share-based compensation	—	—	1,409	—	1,409
Net loss	—	—	—	(30,322)	(30,322)
Balance at September 30, 2023	182,716,445	$ 18	$ 402,978	$ (68,634)	$ 334,362

Nine Months Ended September 30, 2022

	Common Stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2021	173,468,979	$ 17	$ 374,795	$ 179,103	$ 553,915
Exercise of common stock options and vesting of restricted stock units, net	336,155	—	(92)	—	(92)

Share-based compensation	—	—	1,563	—	1,563
Net loss	—	—	—	(27,108)	(27,108)
Balance at March 31, 2022	173,805,134	17	376,266	151,995	528,278
Exercise of common stock options and vesting of restricted stock units, net	193,834	—	15	—	15
Share-based compensation	—	—	1,922	—	1,922
Net loss	—	—	—	(33,475)	(33,475)
Balance at June 30, 2022	173,998,968	17	378,203	118,520	496,740
Issuance of common stock for acquisition	5,500,000	1	16,114	—	16,115
Exercise of common stock options and vesting of restricted stock units, net	146,905	—	(15)	—	(15)
Share-based compensation	—	—	1,783	—	1,783
Net loss	—	—	—	(63,387)	(63,387)
Balance at September 30, 2022	179,645,873	$ 18	$ 396,085	$ 55,133	$ 451,236

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

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

		Nine Months Ended September 30,			
		2023	**2022**		
	Three Months Ended March 31,				**Three Months Ended March 31,**
	2024			**2024**	**2023**
Cash flows from operating activities	**Cash flows from operating activities**				
Net loss	Net loss	$(94,380)	$(123,970)		
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:				
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization	1,796	823		

Amortization and accretion of investments, net	Amortization and accretion of investments, net	(1,821)	1,300
Noncash lease expense	Noncash lease expense	1,072	922
Inventory write-down	Inventory write-down	992	5,634
(Gain) loss on disposal of assets		(1)	89
Gain on disposal of assets			
Share-based compensation	Share-based compensation	5,170	5,268
Acquired in-process research and development		—	28,752
Carrying value adjustment to assets held for sale			
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Accounts receivable			
Accounts receivable			
Accounts receivable	Accounts receivable	996	(824)
Inventory	Inventory	(1,057)	(5,660)
Prepaid expenses and other assets	Prepaid expenses and other assets	(1,200)	3,097
Accounts payable	Accounts payable	555	(5,201)
Accrued expenses and other liabilities	Accrued expenses and other liabilities	(3,295)	7,228
Operating lease liabilities	Operating lease liabilities	(1,254)	(900)
Net cash used in operating activities	Net cash used in operating activities	(92,427)	(83,442)
Cash flows from investing 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	Purchase of property and equipment and other	(6,755)	(2,621)
Proceeds from sale of property and equipment	Proceeds from sale of property and equipment	2	33
Purchase of in-process research and development		—	(14,428)
Payments for security deposit, net		(45)	—
Purchase of investments			
Purchase of investments			
Purchase of investments	Purchase of investments	(170,197)	(160,116)
Proceeds from sale and maturity of investments	Proceeds from sale and maturity of investments	178,556	156,382
Net cash provided by (used in) investing activities	Net cash provided by (used in) investing activities	1,561	(20,750)
Cash flows from financing activities	**Cash flows from financing activities**		
Cash flows from financing activities			
Cash flows from financing activities			
Proceeds from exercise of common stock options			
Proceeds from exercise of common stock options			
Proceeds from exercise of common stock options	Proceeds from exercise of common stock options	230	65

Taxes paid related to net share settlement of equity awards	Taxes paid related to net share settlement of equity awards	(232)	(157)
Repurchase of treasury stock			
Net cash used in financing activities	Net cash used in financing activities	(2)	(92)
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	Net decrease in cash and cash equivalents and restricted cash	(90,868)	(104,284)
Cash and cash equivalents and restricted cash, beginning of period	Cash and cash equivalents and restricted cash, beginning of period	120,133	259,110
Cash and cash equivalents and restricted cash, end of period	Cash and cash equivalents and restricted cash, end of period	$ 29,265	$ 154,826
Supplemental disclosure of noncash investing and financing activities:	**Supplemental disclosure of noncash investing and financing activities:**		
Common stock issued for purchase of assets		$ —	$ 16,115
Supplemental disclosure of noncash investing and financing activities:			
Supplemental disclosure of noncash investing and financing activities:			
Repurchase of treasury stock included in accrued expenses			
Repurchase of treasury stock included in accrued expenses			
Repurchase of treasury stock included in accrued expenses			

Acquisitions of property and equipment included in accounts payable and other	Acquisitions of property and equipment included in accounts payable and other	$ 512	$ 66
Right-of-use assets obtained in exchange for lease obligations		$ 2,096	$ —

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

Table of Contents

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

Note 1. Overview

Hyliion Holdings Corp. is a Delaware corporation headquartered in Cedar Park, Texas, with research and development facilities near Cincinnati, Ohio, that designs and develops power generators for stationary power applications and electric powertrain systems. mobile applications. References to the “Company,” “Hyliion,” “we,” or “us” in this report refer to Hyliion Holdings Corp. and its wholly owned subsidiary, unless expressly indicated or the context otherwise requires.

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

The Company announced a strategic review of alternatives for its electric powertrain business (the “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 needed capital for ongoing investment in the business as reason for undertaking this strategic review. On November 7, 2023, our board of directors determined that the Company would discontinue 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.

Note 2. Subsequent Events Disposals

On Strategic Plan Wind Down

On November 7, 2023, the board of directors (the “Board”) Board of the Company approved a strategic plan to wind down its Powertrain Business powertrain business and preserve technology relating to the Powertrain Business, to better align its workforce with the Company’s future needs, and to reduce the Company’s operating costs related intellectual property (the “Plan”). As part We have not accounted for the impacts of the Plan as a discontinued operation through March 31, 2024 as we have not abandoned or sold the Company will underlying intellectual property. We historically provided limited assurance-type warranties under our powertrain contracts and plan to 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 is evaluating opportunities to monetize certain of the assets and technology relating to the Business, but no assurances can be provided that any service such opportunities will be realized. The Company expects the wind-down to be completed by the end of the Company’s first quarter of fiscal year 2024. In connection warranties through their remaining term, with the Plan, the Company expects to incur total charges and expenses of approximately $18.4 million.majority ending in 2024.

The Plan includes a reduction of the Company’s workforce by approximately 175 people, or 67%, with some expected to be provided transition packages that will provide for continued services through various dates of the Company’s fiscal year 2024. The Company expects the Plan will result in (i) charges consisting of approximately $1.4 million in employee severance and retention payments and $0.9 million in non-cash stock-based compensation expense related to vesting of share-based awards, and (ii) cash expenditures of approximately $13.9 million for contract terminations, with up to an additional $9.0 million depending on the outcome of supplier negotiations and other estimates and uncertainties.

The Company expects the majority of the Total charges and expenses related to the Plan of $4.4 million, inclusive of charges to be assets held for sale discussed below, were incurred in the Company’s fourth first quarter of fiscal year 2023. 2024 and are included in exit and termination costs in the condensed consolidated statements of operations. The change in total liabilities associated with the Plan is included within accrued expenses and other current liabilities as presented in Note 8, and accounts payable, and is summarized as follows (in millions):

	December 31, 2023	Charged to Expense	Costs Paid or Settled	March 31, 2024
Employee severance and retention	$ 1.1	$ —	$ (0.4)	$ 0.7
Contract terminations	6.5	(0.7)	(3.7)	2.1
Warranty obligations	0.4	(0.3)	—	0.1
	$ 8.0	$ (1.0)	$ (4.1)	$ 2.9

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 materially from estimates. For example, potential employee reductions are subject to legal requirements, which may extend the reduction process beyond that expected in certain cases. In addition, the Company may incur other cash expenditures or charges not currently contemplated due to unanticipated events events.

Assets Held for Sale

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

We have recorded assets held for sale of $6.0 million consisting of property and equipment in connection with the implementation Plan at their fair value less costs to sell at March 31, 2024. We used fair value hierarchy Level III inputs including comparable assets, adjusted for condition, and recorded charges of $5.6 million included in exit and termination costs in the Plan or otherwise. condensed consolidated statements of operations. The estimates of fair value less costs to sell are subject to a number of assumptions and actual amounts may differ materially from estimates.

Note 3. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of Hyliion Holdings Corp. and its wholly owned subsidiary. Intercompany transactions and balances have been eliminated upon consolidation. The condensed consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and in accordance with the rules and regulations of the United States Securities and Exchange Commission (“SEC”), which permit reduced disclosure for interim periods. The condensed consolidated balance sheet at December 31, 2022 December 31, 2023 was derived from audited financial statements for the fiscal year then ended, but does not include all necessary disclosures required with respect to annual financial statements. In the opinion of the Company, these condensed consolidated financial statements include all recurring adjustments and normal accruals necessary for a fair presentation of the Company’s financial position, results of operations and cash flows for the dates and periods presented. These condensed consolidated financial statements and accompanying notes should be read in conjunction with the

Company’s 2022 2023 Annual Report. Results for interim periods are not necessarily indicative of the results to be expected for a full fiscal year or for any future period.

These condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The Company is an early-stage growth company and has generated negative cash flows from operating activities since inception. At September 30, 2023 March 31, 2024, the Company had total equity of $334.4 $280.4 million, inclusive of cash and cash equivalents of $28.6 $14.7 million and total investments of $294.9 $249.2 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 Quarterly Report on Form 10-Q.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the balance sheet date, as well as reported amounts of expenses during the reporting period. The Company’s most significant estimates and judgments involve revenue recognition, inventory, warranties, acquisitions, disposals, income taxes and valuation of share-based compensation. 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 condensed consolidated financial statements.

Concentration of Supplier Risk

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

Cash and Cash Equivalents

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

Restricted Cash

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

The Company has provided its corporate headquarters lessor with a letter of credit for $0.7 million to secure the performance of the Company’s lease obligations, backed by a restricted cash deposit to pay any draws on the letter of credit by the lessor. Total cash and cash equivalents and restricted cash as presented in the condensed consolidated statements of cash flows is summarized as follows:

		September 30, 2023	December 31, 2022	September 30, 2022	December 31, 2021				
	March 31, 2024					March 31, 2024	December 31, 2023	March 31, 2023	December 31, 2022
Cash and cash equivalents	Cash and cash equivalents	$ 28,600	$ 119,468	$ 154,161	$ 258,445				
Restricted cash included in prepaid expenses and other current assets									
Restricted cash included in other assets	Restricted cash included in other assets	665	665	665	665				
		$ 29,265	$ 120,133	$ 154,826	$ 259,110				
	$								

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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were no accounts receivable included amounts receivable due from customers of $0.1 million and $1.1 million, respectively. At September 30, 2023 and December 31, 2022, allowance or allowances for doubtful accounts on customer receivables was nil and $0.1 million, respectively.

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

	September 30, 2023	December 31, 2022
Customer A	100 %	82 %
Customer C	—	12
	100 %	94 %

accounts.

Investments

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

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

Fair Value Measurements

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

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

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

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

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

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

The Company's financial instruments consist of cash and cash equivalents and restricted cash, accounts receivable, investments, accounts payable and accrued expenses. The carrying value of cash and cash equivalents and restricted cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short-term nature of those instruments. The fair value of investments is based on quoted prices for identical or similar instruments in markets that are not active. As a result, investments are classified within Level II of the fair value hierarchy.

Impairment Inventories

Through March 31, 2024, we have not yet commercialized the KARNO generator. Costs incurred for components acquired prior to our determination of Long-Lived Assets

The Company reviews long-lived assets, including property reaching a commercial stage are expensed as research and equipment and intangible assets with definite lives, development costs, resulting in zero cost basis for impairment whenever events or changes those components. As a result, moving-average prices for inventory that is capitalized in circumstances indicate that an asset group's carrying amount future periods may not be recoverable. The Company conducts its long-lived asset impairment analysis in accordance with ASC 360-10, *Impairment or*

Disposal significantly affected by those zero cost items. During the three months ended March 31, 2024 and March 31, 2023, we recorded inventory write-downs 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.

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 $0.0 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 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 the definition of a performance obligation, including internet connectivity and data processing. We provide installation services for the Hybrid system onto the customers' vehicle. The Company's products are marketed and sold to end-user fleet customers in North America. When our contracts with customers contain multiple performance obligations and where material, the contract transaction price is allocated on a relative standalone selling price basis to each performance obligation.

We recognize 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 reviewed for significant financing components and payments are typically received within 30 days of delivery. The sale of a Hybrid system to an end-use fleet customer consists of a completed modification to the customer vehicle and the installation services involve significant integration of the Hybrid system with the customer's vehicle. Installation services are not distinct within the context of the contract and together with the sale of the Hybrid system represent a single performance obligation. We do not offer any sales returns. Amounts billed to customers related to shipping and handling are 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 September 30, 2023 and December 31, 2022.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Hybrid systems and other	$ 96	$ 243	$ 416	$ 755
Class 8 semi-truck prepared for Hybrid system upfit	—	256	256	256
Total product sales and other	$ 96	$ 499	$ 672	$ 1,011

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Customer A	94 %	69 %	65 %	43 %
Customer B	—	6	—	21
Customer G	—	—	25	—
	94 %	75 %	90 %	64 %

Warranties

We provide 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. $0.2 million, 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.

Recent Accounting Pronouncements

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.

Note 4. Investments

The amortized cost, unrealized gains and losses, fair value and maturities of our held-to-maturity investments at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are summarized as follows:

	Amortized Cost	Fair Value Measurements at September 30, 2023 Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	Amortized Cost	Fair Value Measurements at March 31, 2024 Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper Commercial paper	$ 51,420	$ —	$ (74)	$ 51,346

U.S. government agency bonds	U.S. government agency bonds	22,606	—	(356)	22,250
State and municipal bonds	State and municipal bonds	15,221	—	(215)	15,006
Corporate bonds and notes	Corporate bonds and notes	205,702	7	(1,705)	204,004
		$ 294,949	$ 7	$ (2,350)	$292,606
	$				

		Fair Value Measurements at December 31, 2022			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value

	Fair Value Measurements at December 31, 2023				Fair Value Measurements at December 31, 2023					
	Amortized Cost					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	U.S. government agency bonds 27,602	56	(186) (186)	27,472	27,472
State and municipal bonds	State and municipal bonds	40,104	28	(628)	39,504	State and municipal bonds 15,262	1	(48) (48)	15,215	15,215
Corporate bonds and notes	Corporate bonds and notes	213,088	76	(3,344)	209,820	Corporate bonds and notes 200,401	515	(255) (255)	200,661	200,661
		$ 302,308	$ 112	$ (4,461)	$297,959					
	$									

		September 30, 2023		December 31, 2022	
		Amortized Cost	Fair Value	Amortized Cost	Fair Value

	March 31, 2024	March 31, 2024		December 31, 2023	
	Amortized Cost	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	Due in one year or less	$ 153,625	$152,826	$ 193,740	$191,094

Due after one year through five years	Due after one year through five years	141,324	139,780	108,568	106,865
		$ 294,949	$292,606	$ 302,308	$297,959
	$				

Note 5. Fair Value Measurements

The fair value measurements of our financial assets at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are summarized as follows:

		Fair Value Measurements at September 30, 2023			
		Level I	Level II	Level III	Total
	Fair Value Measurements at March 31, 2024				
	Level I				
		Fair Value Measurements at March 31, 2024			
		Level I	Level II	Level III	Total
Cash and cash equivalents	Cash and cash equivalents	$28,600	$ —	$ —	$ 28,600
Restricted cash	Restricted cash	665	—	—	665
Held-to-maturity investments:	Held-to-maturity investments:				
Commercial paper	Commercial paper	—	51,346	—	51,346
Commercial paper					
Commercial paper					
U.S. government agency bonds	U.S. government agency bonds	—	22,250	—	22,250
State and municipal bonds	State and municipal bonds	—	15,006	—	15,006
Corporate bonds and notes	Corporate bonds and notes	—	204,004	—	204,004
		$29,265	$292,606	$ —	$321,871
	$				

		Fair Value Measurements at December 31, 2022			
		Level I	Level II	Level III	Total
	Fair Value Measurements at December 31, 2023				
	Level I				
		Fair Value Measurements at December 31, 2023			
		Level I	Level II	Level III	Total

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
	$				

Note 6. Inventory

The carrying value of our inventory at September 30, 2023 and December 31, 2022 is summarized as follows:

	September 30, 2023	December 31, 2022
Raw materials	$ —	$ —
Work in process	47	—
Finished goods	92	74
	$ 139	$ 74

During the three and nine months ended September 30, 2023, we recorded inventory write-downs of $0.8 million and $1.0 million, respectively. During the three and nine months ended September 30, 2022, we recorded inventory write-downs of $2.3 million and $5.6 million, respectively. These write-downs are included in cost of revenues.

Note 7. 6. Property and Equipment, Net

Property and equipment, net at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is summarized as follows:

		September 30, 2023	December 31, 2022
	March 31, 2024	March 31, 2024	December 31, 2023
Production machinery and equipment	Production machinery and equipment	$ 10,077	$ 5,897
Vehicles	Vehicles	2,013	817
Leasehold improvements	Leasehold improvements	2,124	1,002
Office furniture and fixtures	Office furniture and fixtures	223	162

Computers and related equipment	Computers and related equipment	1,947	1,367
		16,384	9,245
	20,096		
Less: accumulated depreciation	Less: accumulated depreciation	(5,308)	(3,639)
Total property and equipment, net	Total property and equipment, net	$ 11,076	$ 5,606

Note 8. 7. Share-Based Compensation

During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company granted 2.2 million5.9 million and 2.2 million 2.1 million, respectively, restricted stock units which will vest over a period of one to three years, some of which include performance criteria based on the achievement of key Company milestones. years. During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 0.6 million 2023, 0.9 million and 0.8 million 0.2 million, respectively, of restricted stock units and options were forfeited. Share-based compensation expense for the three and nine months ended September 30, 2023 March 31, 2024 and 2023 was $1.4$1.3 million and $5.2 million, respectively. Share-based compensation expense for the three and nine months ended September 30, 2022 was $1.8 million and $5.3 $2.0 million, respectively.

Of the restricted stock units granted during the three months ended March 31, 2024, 2.7 million units may vest between February 13, 2025 and December 31, 2026 contingent upon achieving underlying closing stock price thresholds. These awards were valued at $0.83 per unit using fair value hierarchy Level III inputs including an underlying share volatility of 90% and a risk-free rate of 4.35%.

Note 9. 8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are summarized as follows:

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Accrued professional services and other	Accrued professional services and other	$ 4,610	$ 5,834		
Accrued compensation and related benefits	Accrued compensation and related benefits	3,448	4,773		
Other accrued liabilities	Other accrued liabilities	809	928		
		$ 8,867	$ 11,535		
Accrued severance, contract termination, and other charges					
	$				

Note 10. Warranties

The change in warranty liability for the three and nine months ended September 30, 2023 and 2022 is summarized as follows and included within accrued expenses and other current liabilities and other liabilities in the condensed consolidated balance sheets:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022

Balance at beginning of period	$ 566	$ 348	$ 527	$ 44
Accrual for warranties issued	65	186	218	517
Net changes in accrual related to pre-existing warranties	(131)	—	(154)	—
Warranty charges	(64)	(122)	(155)	(149)
Balance at end of period	$ 436	$ 412	$ 436	$ 412

Note 11. 9. Commitments and Contingencies

Economic Incentive Agreement

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

The Company is further required to refund $0.7 million and allowed to retain $0.4 million, subject to performance of above requirements, of grant funding previously received which was been included within accrued expenses and other current liabilities and other liabilities, respectively, as of March 31, 2024. Under the agreement, the EDC has the right to file a security interest to all assets of the Company.

Legal Proceedings

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

Note 12. 10. Net Loss Per Share

The computation of basic and diluted net loss per share for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 is summarized as follows (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			
Numerator: **Numerator:**				
Numerator:				
Numerator:				
Net loss attributable to common stockholders				
Net loss attributable to common stockholders				
Net loss attributable to common stockholders Net loss attributable to common stockholders	$ (30,322)	$ (63,387)	$ (94,380)	$ (123,970)
Denominator: **Denominator:**				
Denominator:				
Denominator:				
Weighted average shares outstanding, basic and diluted				
Weighted average shares outstanding, basic and diluted				

Weighted average shares outstanding, basic and diluted	Weighted average shares outstanding, basic and diluted	181,641,060	174,345,022	180,914,250	173,945,156
Net loss per share, basic and diluted	Net loss per share, basic and diluted	$ (0.17)	$ (0.36)	$ (0.52)	$ (0.71)
Net loss per share, basic and diluted					
Net loss per share, basic and diluted					

Potential common shares excluded from the computation of diluted net loss per share because including them would have had an anti-dilutive effect for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are summarized as follows:

		Three and Nine Months Ended September 30,			
		2023	2022		
	Three Months Ended March 31,			Three Months Ended March 31,	
	2024			2024	2023
Unexercised stock options	Unexercised stock options	683,090	2,682,228		
Unvested restricted stock units*	Unvested restricted stock units*	3,976,223	3,808,665		
		4,659,313	6,490,893		
	7,057,320				

* Potential common shares from unvested restricted stock units for the periods ended September 30, 2023 March 31, 2024 and 2022 2023 include 653,334 no and 1,261,667 687,084 shares, respectively, where no accounting grant date has had been established.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References to the "Company," "Hyliion," "we," or "us" in this report refer to Hyliion Holdings Corp. and its wholly-owned subsidiary Hyliion Inc., unless expressly indicated or the context otherwise requires. The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and related notes thereto included elsewhere in this report and our audited consolidated financial statements and related notes thereto in our 2022 2023 Annual Report.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Form 10-Q") 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 Quarterly Report on Form 10-Q 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 our 2022 2023 Annual Report on Form 10-K, this Quarterly Report on Form 10-Q, 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 Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q or future quarterly reports, press releases or company statements will not be realized. Unless specifically indicated otherwise, the forward-looking statements in this Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q 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" included in our 2022 2023 Annual Report on Form 10-K and in this Quarterly Report on Form 10-Q. These and other factors could cause our results to differ materially from those expressed in this Quarterly Report on Form 10-Q.*

Overview

Hyliion is committed to creating innovative solutions that enable clean, flexible and affordable modular electricity production. production while contributing positively to the environment in the energy economy. 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 can operate on various fuel sources to future-proof against adapt to an ever-changing energy economy. Headquartered in Austin, Texas, and with research and development in Cincinnati, OH, Hyliion is addressing the commercial space first with a locally deployable generator that can offer prime power, backup power, peak shaving, demand reduction, renewables matching and renewables matching. As power generation from waste fuels such as landfill and flare gas. In the future, the Company goes forward, it plans to scale up its generator solution to also address larger utility-scale power needs and to develop variants for household applications. This approach enables consumers to produce their own electricity while utilizing the grid as a backup source. Beyond stationary power, Hyliion will address use and mobile applications such as vehicles and marine. marine vessels. Additionally, the generator technology is well-suited to provide combined heat and power ("CHP") in various stationary applications.

Market Opportunity

The KARNO generator U.S. electrical grid is facing a fuel-agnostic solution, enabled by additive manufacturing, that leverages a linear heat generator architecture. multitude of challenges as it strives to manage the escalating demand for electricity while adapting to evolving generating resources. The Company aims to offer innovative, yet practical solutions that contribute positively electrification of transportation, particularly the growing adoption of electric vehicles, is adding substantial load to the environment in grid. Additionally, the integration of renewable energy economy.

Strategic Business Developments

During the quarter, 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 can be installed on new vehicles prior to entering service, or retrofit onto existing in-service vehicles, allowing customers to use their preferred vehicle brands sources such as solar 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 wind

powertrain platform ("Hypertruck ERX"), 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 complete electrified powertrain 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 200 kW 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 2 MW system leveraging an onboard compact-natural-gas-fueled 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 supplement battery initially compete effectively in the market for power applications between 200 kW to 5 MW and later extend to larger and smaller power configurations.

We are currently working with potential customers for initial generator deployments. These deployments will 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 displacing a large amount of 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 an OEM platform 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 range extended 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 vehicle. 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.

Companies

- *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 truck electrification space (including Hyliion) have continued backup power market due to face 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 number source of challenges 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 headwinds as they develop low noise level while in operation. The KARNO generator is expected to reduce CO and scale the production of new clean vehicles, NOx emissions by over 95% compared to diesel generators, and as customers employ these vehicles in their fleets. For Hyliion, these challenges have included, among others, a slower-than-anticipated market transition to electric commercial truck fleets, escalating component and production costs and delays, new California Air Resources Board ("CARB") mandates for fleet adoption of electric trucks, potentially without the need for exhaust aftertreatment. We therefore believe that KARNO presents an opportunity to reduce provide solutions for end users that desire a lower emissions profile and in the cost event emissions regulations are further tightened.
- *Mobility:* We also plan to develop variants for mobile applications such as vehicles including rail (locomotives) and weight of the Hypertruck ERX platform, continued work by OEMs marine vessels. Longer-term, we also believe KARNO can be a viable solution for on-highway applications.

Following initial deployments, we expect to de-content Tier 1 components that their Tier 1 suppliers are providing, and the expectation that the Company would be required to raise substantial 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, 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 following the end of the quarter, the board of directors determined that discontinuing operating the electrified powertrain systems business and focusing exclusively on the development and ramp up commercialization of the Company's fuel-agnostic KARNO generator technology would be the most effective use including expansion of production capacity and establishment of sales and distribution channels, potentially including market collaborations and extending our reach outside of the Company's capital U.S. In the future we intend to develop KARNO generators of different sizes and in the best interests configurations to capitalize on KARNO's unique advantages and extend these advantages across a broader range of the Company's shareholders.

Hyliion intends to retain the powertrain technology enabling the Company to explore a sale or future use of the technology and the tangible assets from the powertrain division. Tangible assets include the first 30 Hypertruck ERX production trucks which Hyliion no longer plans to recognize revenue on and the Hypertruck Fuel Cell prototype truck that Hyliion successfully completed in the third quarter of this year in collaboration with Hyzon Motors. market opportunities.

KARNO Generator System

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 emerged out of GE's long-running research and development investments in aerospace engines and metal additive manufacturing across multiple industries and in areas such as generator thermal and performance design. We initially envisioned utilizing the KARNO generator as 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 now 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 Hyliion subsequent to the acquisition, is protected by numerous patents and trademarks which we believe provide Hyliion extensive and lasting protection for its intellectual property.

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 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.
- *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 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.
- *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.

KARNO Generator Development

Our ongoing efforts with the KARNO generator encompass activities such as its design, development and rigorous testing, along with the development of essential balance-of-plant systems including cooling and controls systems. Notably, we have reached a significant milestone by constructing the 125 kW ALPHA generator which we are currently testing in our development facility. Simultaneously, we are in the final stages of designing a 200kW 200 kW BETA generator, which is poised expected to serve as our initial production design for initial commercial deployments. We have also showcased the KARNO integrated as an on-board generator for our Hypertruck ERX powertrain system and with potential powertrain and stationary power customers. Moreover, we successfully demonstrated the KARNO 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 an ALPHA KARNO generator unit. 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 is rapid, 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 by nearly a factor of ten

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.

We plan to initiate the printing and assembly of the first production units of the KARNO generator at our facilities in Austin, Texas and Cincinnati, Ohio. As production volumes rise, we will also consider outsourcing the printing, manufacturing and assembly of specific components or the entire generator to third parties. We will also design and manufacture or purchase components for balance-of-plant and electrical systems for the initial production units while considering outsourcing options over time. In our initial deployment phase, we intend to collaborate closely with customers, overseeing the installation, monitoring and maintenance of KARNO generator systems. Additionally, we will consider options for integrating our products into existing sales and distribution channels and forging partnerships with established manufacturers, vendors, developers and distributors as we continue to grow and evolve.

KARNO Generator Applications

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 and that the KARNO generator can address many concerns that inhibit consumers from adopting onsite generating systems today, including cost, maintenance needs, noise, versatility and emissions.

Hyliion believes that the KARNO generator is suitable for wide range of electrical power generating applications and that it can penetrate the market for these applications due to its highly differentiated characteristics versus conventional generators. Key differentiating attributes include low maintenance, lower operating costs due to efficiency, low noise and emissions, and fuel versatility.

Planned initial KARNO generators that are both power dense and mobile, are expected to include an approximate three cubic meter, single four-shaft 200kW generating unit, including balance-of-plant components. Later planned developments include an over-2 megawatt 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. Consequently, we expect the KARNO generator to initially

compete effectively in the market for power applications between 200kW to 5MW and later extending to 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:

- *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, 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 without the need for 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 without the need for pre-treatment by a gas processing facility.
- *Vehicle Charging:* The rapid growth of 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 given their substantial power requirements during charging. Many commercial operators cite the lack of generating capacity as the primary obstacle to expanding their electric vehicle fleets. Here, the KARNO generator is a unique solution compared to conventional generators, offering a localized and versatile source of electrical power for vehicle charging. In addition to its flexibility in fuel sources, including the capacity to utilize hydrogen, and its superior environmental performance with lower emissions and noise levels compared to internal combustion generators, the KARNO generator's ability to modulate power without efficiency loss is a pivotal advantage. Power out can be adjusted 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 valuable parking space.
- *Prime Power:* Most consumers prefer to use grid power over localized generator source due to its inherent advantages in terms of simplicity, convenience, scalability and cost effectiveness. For critical applications such as hospitals, data centers and refrigerated warehouses, the availability of local generators in case of a grid power failure is indispensable. The advent of 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, which include consistently high efficiency across all 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 would 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.
- *Peak Shaving:* "Peaking charges" also referred to as "demand charges" are fees imposed by utilities on consumers 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 consumers 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 very 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 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.

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.

The Science of KARNO

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 exhibit high power density and higher efficiency by circumventing the mechanical losses linked to rotating components such as bearings and gears while producing less noise and vibration. In the case of KARNO, each shaft of the generator relies on a single moving part and utilizes a pressurized helium bearing system in place of oil-based lubricants.

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

The KARNO generator is expected to surpass the efficiency of conventional generating systems when employing various fuel sources and even outperform fuel cells 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 increase 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 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, they 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 NOx 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 remarkably low levels of emissions, with CO and NOx 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. KARNO's primary advantage arises from having only a single moving linear actuator per shaft (4 shafts per 200kW 200 kW generator), which glides linearly on low friction helium bearings. This innovative design significantly mitigates efficiency losses attributed to friction, enhances 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 significant 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 can seamlessly transition between these fuels or fuel blends, requiring few or no physical modifications to its flameless oxidation system. This versatility enables a single generator to adapt to different use cases. For example, the generator may operate on natural gas for prime power generation when a pipeline connection is available and on waste gas near a landfill or dairy. Furthermore, as hydrogen becomes more widely available, the KARNO generator can seamlessly will be able to 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 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 effective 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 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 few or no modifications.
- *Low Noise and Vibration*: Unlike conventional generators, the KARNO generator operates without internal combustion, resulting in a significantly lower noise level of approximately 67 decibels at six feet, which is approximately equivalent to a typical conversation.
- *Higher Power Density*: The unique architecture and features of the KARNO generator that are enabled by advances in additive manufacturing, enable the generator to achieve a high level of power density. For example, a 200 kW 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 200 kW, 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.

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 rising high interest rates as well as those discussed below and referenced in Item 1A. 1A "Risk Factors." Factors".

Successful Commercialization of KARNO Generator

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

Wind-down of Powertrain Business

We no longer expect to recognize revenue on products not related to KARNO, including the Hypertruck ERX and Hybrid.The Company is evaluating opportunities to monetize certain of the assets and technology 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 completed by the end of the Company's first quarter of fiscal year 2024 and will include a reduction of the Company's workforce by approximately 175 people, or 67%, with some expected to be provided transition packages that will provide for continued services through various dates of the Company's fiscal year 2024.

Key Components of Statements of Operations

Revenue

We 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 strategic review discontinuation of the electrified powertrain systems business and decision the shift to discontinue focus exclusively on the powertrain business, 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, prior to 2024, 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 components for development and 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, though we expect a reduction in research and development expenses on a go-forward basis as a result of discontinuing our powertrain business. goals.

Selling, General and Administrative Expense

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

We expect a reduction in selling, general Exit and administrative expenses on a go-forward basis as 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, non-cash charges including accelerated depreciation and amortization, and recoveries from resale of assets. These costs are a result of discontinuing the Plan approved on November 7, 2023 to wind down our powertrain business.

Other Income (Expense)

Other income currently consists primarily of interest income earned on our investments. As a result Since the acquisition of our acquisition of the KARNO generator technology, we plan have continued to assume perform as a government subcontractor on a contract with the United States Office of Naval Research that is not expected to have a material impact on our business. ("ONR"). 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 Three Months Ended September 30, 2023 March 31, 2024 to Three Months Ended September 30, 2022 March 31, 2023

Our results of operations for the three months ended September 30, 2023 March 31, 2024 (the "current quarter") and 2022 2023 on a consolidated basis are summarized as follows (in thousands, except share and per share data):

	Three Months Ended September 30,			
	2023	2022	$ Change	% Change
Revenues				

Product sales and other	$ 96	$ 499	$ (403)	(80.8)%
Total revenues	96	499	(403)	(80.8)%
Cost of revenues				
Product sales and other	677	2,916	(2,239)	(76.8)%
Total cost of revenues	677	2,916	(2,239)	(76.8)%
Gross loss	(581)	(2,417)	1,836	(76.0)%
Operating expenses				
Research and development	25,115	52,678	(27,563)	(52.3)%
Selling, general and administrative expenses	8,186	10,264	(2,078)	(20.2)%
Total operating expenses	33,301	62,942	(29,641)	(47.1)%
Loss from operations	(33,882)	(65,359)	31,477	(48.2)%
Interest income	3,534	1,926	1,608	83.5 %
Gain on disposal of assets	—	46	(46)	(100.0)%
Other income, net	26	—	26	N/A
Net loss	$ (30,322)	$ (63,387)	$ 33,065	(52.2)%
Net loss per share, basic and diluted	$ (0.17)	$ (0.36)	$ 0.19	(52.8)%
Weighted-average shares outstanding, basic and diluted	181,641,060	174,345,022	7,296	4.2 %

See Part I, Item 1. “Note 2. Subsequent Events” and Part II, Item 5. for discussion of estimated charges and pro forma financial statements.

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
Revenues				
Product sales and other	$ —	$ 310	$ (310)	(100.0)%
Total revenues	—	310	(310)	(100.0)%
Cost of revenues				
Product sales and other	—	691	(691)	(100.0)%
Total cost of revenues	—	691	(691)	(100.0)%
Gross loss	—	(381)	381	(100.0)%
Operating expenses				
Research and development	7,968	20,918	(12,950)	(61.9)%
Selling, general and administrative expenses	6,592	10,981	(4,389)	(40.0)%
Exit and termination costs	4,431	—	4,431	N/A
Total operating expenses	18,991	31,899	(12,908)	(40.5)%
Loss from operations	(18,991)	(32,280)	13,289	(41.2)%
Interest income	3,396	3,462	(66)	(1.9)%
Gain on disposal of assets	3	2	1	50.0 %
Other expense, net	—	(15)	15	(100.0)%
Net loss	$ (15,592)	$ (28,831)	$ 13,239	(45.9)%
Net loss per share, basic and diluted	$ (0.09)	$ (0.16)	$ 0.07	(43.8)%
Weighted-average shares outstanding, basic and diluted	178,482,894	180,118,044	(1,635)	(0.9)%

Revenue and Cost of Revenues

Sales Revenue associated with our Hybrid products decreased $0.4 million $0.3 million and associated cost of revenues decreased $0.7 million. As a result of our strategic review and decision to discontinue wind down our powertrain business, we do not anticipate further revenue or cost of revenues until we begin commercialization of our KARNO generator.

Cost of Revenues

Cost of revenues associated with our Hybrid products decreased $2.2 million. The decrease in cost of revenues includes:

- A decrease in inventory write-downs of $1.5 million attributable to inventory on hand that had a cost higher than its expected net realizable value as we purchased less inventory in the current quarter;
- A decrease in costs associated with sales of Hybrid systems of $0.4 million; and
- A decrease in warranty costs of $0.3 million for estimated costs to administer and maintain the warranty program for labor, transportation and parts, excluding any contribution from vendors as we sold fewer Hybrid systems in the current nine months.

Research and Development

Research and development expenses decreased $27.6 million $13.0 million due to:

- A decrease of $28.8 million related to hydrogen and fuel agnostic capable generator technology ("KARNO") acquired in September 2022 from General Electric Company's GE Additive business to develop and commercialize the fuel agnostic KARNO generator; and

- A decrease of $1.4 million $17.5 million for the design and testing of our Hypertruck ERX system; offset by
- An increase of $2.6 million $4.5 million for the design and testing of our KARNO stationary generator.

Selling, General and Administrative

Selling, general, and administrative expenses decreased $2.1 million $4.4 million primarily due to:

- A decrease of $1.6 million $3.1 million in personnel and benefits primarily due to the prior year departure of our previous Chief Financial Officer;
- A decrease of $0.6 million for insurance costs; and
- A decrease of $0.2 million in marketing and advertising; partially offset by
- An increase of $0.2 million $1.1 million in professional services;

Other Income

Total other income increased $1.6 million primarily due to an increase in interest income on investments.

Comparison of Nine Months Ended September 30, 2023 to Nine Months Ended September 30, 2022

The following table summarizes our results of operations on a consolidated basis for the nine months ended September 30, 2023 (the "current nine months") and 2022 (in thousands, except share and per share data):

	Nine Months Ended September 30,			
	2023	2022	$ Change	% Change
Revenues				
Product sales and other	$ 672	$ 1,011	$ (339)	N/A
Total revenues	672	1,011	(339)	N/A
Cost of revenues				
Product sales and other	1,675	7,160	(5,485)	N/A
Total cost of revenues	1,675	7,160	(5,485)	N/A
Gross loss	(1,003)	(6,149)	5,146	N/A
Operating expenses				
Research and development	73,472	88,543	(15,071)	(17.0)%
Selling, general and administrative expenses	30,265	32,255	(1,990)	(6.2)%
Total operating expenses	103,737	120,798	(17,061)	(14.1)%
Loss from operations	(104,740)	(126,947)	22,207	(17.5)%
Interest income	10,345	3,066	7,279	237.4 %
Gain (loss) on disposal of assets	1	(89)	90	N/A
Other income, net	14	—	14	N/A
Net loss	$ (94,380)	$ (123,970)	$ 29,590	(23.9)%
Net loss per share, basic and diluted	$ (0.52)	$ (0.71)	$ 0.19	(26.8)%

Weighted-average shares outstanding, basic and diluted	180,914,250	173,945,156	6,969	4.0 %

See Part I, Item 1. “Note 2. Subsequent Events” and Part II, Item 5. for discussion of estimated charges and pro forma financial statements.

Revenue

Sales associated with our Hybrid products increased $0.3 million. As services as a result of our strategic review and decision to discontinue the wind down of our powertrain business, we do not anticipate further revenue until we begin commercialization business.

Exit and Termination Costs

Exit and termination costs increased by $4.4 million as a result of our KARNO generator. the adoption of the Plan and items discussed in Note 2 of the notes to the consolidated financial statements.

Cost of Revenues

Cost of revenues associated with our Hybrid products decreased $5.5 million. The decrease in cost of revenues includes:

- A decrease in inventory write-downs of $4.6 million attributable to inventory on hand that had a cost higher than its expected net realizable value as we purchased less inventory in the current nine months;
- An decrease in costs associated with sales of Hybrid systems of $0.4 million; and
- A decrease in warranty costs of $0.5 million for estimated costs to administer and maintain the warranty program for labor, transportation and parts, excluding any contribution from vendors as we sold fewer Hybrid systems in the current nine months.

Research and Development

Research and development expenses decreased $15.1 million due to:

- A decrease of $28.8 million related to KARNO technology acquired in September 2022 from General Electric Company’s GE Additive business to develop and commercialize the fuel agnostic KARNO generator; offset by
- An increase of $9.3 million for the design and testing of our KARNO stationary generator; and
- An increase of $4.4 million for the design and testing of our Hypertruck ERX system.

Selling, General and Administrative

Selling, general, and administrative expenses decreased $2.0 million primarily due to:

- A decrease of $2.0 million for insurance costs; and
- A decrease of $0.9 million in professional services; partially offset by
- An increase of $0.9 million in personnel and benefits due to workforce growth over the past year and inflation, offset by the prior year departure of our previous Chief Financial Officer.

Other Income (Expense)

Total other income increased $7.4 million primarily due to an increase in interest income on investments.

Liquidity and Capital Resources

At September 30, 2023 March 31, 2024, our current current assets were $194.0 million $154.1 million, consisting primarily of cash and cash equivalents of $28.6 million $14.7 million, short-term investments of $153.6 million $126.7 million and prepaid expenses of $11.5 million $6.6 million. Our current liabilities were $13.2 million $10.5 million primarily comprised of accounts payable, accrued expenses and operating lease liabilities. We also had $141.3 million $122.5 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 of our investment portfolio at September 30, 2023 March 31, 2024 is strong and will provide sufficient liquidity to satisfy operating requirements, working capital purposes and strategic initiatives. The unrealized gains and losses of the portfolio may remain volatile as changes in the general interest rate environment and supply and demand fluctuations of the securities within our portfolio impact daily market valuations. To mitigate the risk associated with this market volatility, we deploy a relatively conservative investment strategy focused on capital preservation and liquidity whereby no investment security may have a final maturity of more than 36 months from the date of acquisition or a weighted average maturity exceeding 18 months. Eligible investments under the Company’s investment policy bearing a minimum credit rating of A1, A-1, F1 or higher for short-term investments and A2, A, or higher for longer-term investments include money market funds, commercial paper, certificates of deposit and municipal securities. Additionally, all of our debt securities are classified as held-to-maturity as we have the intent and ability to hold these investment securities to maturity, which minimizes any realized losses that we would recognize prior to maturity. However, even with this approach we may incur investment losses as a result of unusual or unpredictable market developments, and we may experience reduced investment earnings if the yields on investments deemed to be low risk remain low or decline further due to unpredictable market developments. In addition, these unusual and unpredictable market developments may also create liquidity challenges for certain of the assets in our investment portfolio.

Based on our past performance, we believe our current and long-term assets will be sufficient to continue and execute on our business strategy and meet our capital requirements for the next twelve months. We do not expect to need to raise additional equity capital for the foreseeable future. Our primary short-term cash needs are costs associated with the exit of our powertrain business and KARNO generator development costs. and building of our initial deployment units. 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 third parties or business partners. Finally, based In December 2023, we announced an authorized share repurchase program to repurchase up to $20 million of our outstanding common stock. We repurchased $11.3 million in common stock during the three months ended March 31, 2024 and $11.4 million since the inception of the repurchase program. Based on current projections of operating expenses, capital spending, and working

capital growth and share repurchases, we expect to have approximately $285 million between $220 and $230 million in cash, short-term and long-term investments remaining on our balance sheet at the end of 2023. 2024.

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

Cash Flows

Net cash, cash equivalents and restricted cash provided by or used in operating activities, investing activities and financing activities for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 is summarized as follows (in thousands):

		Nine Months Ended September 30,			
		2023	2022		
	Three Months Ended March 31,			Three Months Ended March 31,	
	2024			2024	2023
Cash from operating activities	Cash from operating activities	$(92,427)	$ (83,442)		
Cash from investing activities	Cash from investing activities	1,561	(20,750)		
Cash from financing activities	Cash from financing activities	(2)	(92)		
		$(90,868)	$(104,284)		
	$				

Cash from Operating Activities

For the nine three months ended September 30, 2023 March 31, 2024, cash flows used in operating activities were $92.4 million $22.7 million. Cash used primarily related to a net loss of $94.4 million $15.6 million, adjusted for a $5.3 million $13.1 million change in working capital accounts and $7.2 million $6.0 million in certain non-cash expenses (including $5.2 million related to share-based compensation, partially offset by $2.7 million $5.6 million related to accounts payable, accrued expenses and other liabilities and $1.2 million$7.4 million related to prepaid expenses and other assets) current assets, partially offset by $5.6 million in assets held for sale carrying value adjustments and $1.3 million related to share-based compensation).

For the nine three months ended September 30, 2022 March 31, 2023, cash flows used in operating activities were $83.4 million $33.2 million. Cash used primarily related to a net loss of $124.0 million $28.8 million, adjusted for a $2.3 million $7.3 million change in working capital accounts and $42.8 million $2.9 million in certain non-cash expenses (including $28.8 million related to acquired in-process research and development, $5.3 million related to share-based compensation, $3.1 million related to prepaid expenses and other assets $3.0 million related to depreciation, amortization and accretion charges and $2.0 million $0.9 million related to accounts payable, accrued expenses and other liabilities) liabilities, partially offset by $2.0 million related to share-based compensation and $0.6 million related to depreciation, amortization and accretion charges).

Cash from Investing Activities

For the nine three months ended September 30, 2023 March 31, 2024, cash flows provided by investing activities were $1.6 million $27.9 million. Cash provided related to the sale or maturity of investments of $178.6 million $53.9 million, partially offset by the purchase of investments of $170.2 million $23.7 million and acquired property and equipment of $6.8 million $2.8 million.

For the nine three months ended September 30, 2022 March 31, 2023, cash flows used in investing activities were $20.8 million $0.8 million. Cash used primarily related to the purchase of investments totaling $160.1 million, of $31.4 million and acquired in-process research and development of $14.4 million and property and equipment of $2.6 million $3.0 million, offset by the sale or maturity of investments of $156.4 million $33.5 million.

Cash from Financing Activities

For the nine three months ended September 30, 2023 March 31, 2024, cash flows used in financing activities were nil. $11.3 million, primarily due to treasury stock repurchases.

For the nine three months ended September 30, 2022 March 31, 2023, cash flows used in financing activities were $0.1 million. Cash flows were $0.2 million, primarily due to payment of taxes related to net share settlement of equity awards of $0.2 million.

Critical Accounting Policies and Estimates

In preparing our condensed consolidated financial statements, we applied the same critical accounting policies as described in our 2022 Annual Report on Form 10-K for the fiscal year ended December 31, 2023, supplemented by those described below, that affect judgments and estimates of amounts recorded for certain assets, liabilities, revenues and expenses.

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.

In the first quarter of 2024, we granted 2.7 million market-conditioned restricted stock units that may vest between February 13, 2025 and December 31, 2026 contingent upon achieving underlying closing stock price thresholds. These awards were valued at $0.83 per unit using fair value hierarchy Level III inputs including an underlying share volatility of 90% and a risk-free rate of 4.35%.

If we were to utilize different assumptions including the estimate of underlying share volatility of our market-conditioned awards, share-based compensation cost could be under or overstated. 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A description We are a smaller reporting company as defined in Rule 12b-2 under the Exchange Act. As a result, pursuant to Item 305(e) of Regulation S-K, we are not required to provide the market risks associated with our business is contained in the “Quantitative and Qualitative Disclosures About Market Risk” section of our 2022 Annual Report. There have been no material changes to our market risks as therein previously reported. information required by this Item.

ITEM 4. 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 Exchange Act, our Principal Executive Officer and Principal Financial Officer have concluded that, at September 30, 2023 March 31, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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 September 30, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time in the ordinary course of business, the Company may be named as a defendant in legal proceedings related to various issues, including workers' compensation claims, tort claims, or contractual disputes. We are not currently involved in any material legal proceedings.

ITEM 1A. RISK FACTORS

Investing in our securities involves risks. Before you make a decision to buy our securities, in addition to A description of the risks and uncertainties discussed above under "Cautionary Note Regarding Forward-Looking Statements," and in our 2022 Annual Report on Form 10-K you should carefully consider the specific risks set forth herein. If any of these risks actually occur, it may materially harm risk factors associated with our business financial condition, liquidity and results of operations. As a result, is contained in the market price "Risk Factors" section 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 2023 Annual Report. There have been no material and adversely affect our business.

Our KARNO business strategy may not succeed.

As discussed under Part II. Item 5 of this quarterly report on Form 10-Q, the Company is undertaking a significant shift in its business strategy by discontinuing operations related to the electrified powertrain systems business and focusing on the development and commercialization of the Company's fuel-agnostic KARNO generator technology.

We have historically incurred net losses ($153.4 million for the year ended December 31, 2022 and cumulative net operating losses of $277.3 million during the previous three years ended December 31, 2022). We believe that we will continue to incur significant operating and net losses each quarter until we are generating positive gross margins from sales of KARNO generator products. We do not expect to achieve this level of financial performance in 2023, and we may never achieve such performance.

Additionally, in 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 ultimately realize the full benefits of, or be able to sustain the benefits anticipated by, these initiatives.

We will require significant capital to develop and grow our business, including developing, producing and servicing KARNO generators and our brand. 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.

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

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

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

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

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

We expect to face significant competition in the distributed generation market.

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

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

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

We have not yet manufactured the KARNO generator on a large scale but in order to produce the generator at affordable prices, we will have to manufacture at scale. We do not know whether our plans to scale the product will be implemented such that they will satisfy the requirements of our customers and the anticipated markets for the KARNO generator. If the Company is unable to develop these manufacturing capabilities internally, we may be unable to identify outsourced manufacturing partners who have the technical capability to produce KARNO generators or who can do so on commercially acceptable terms. Our failure to develop manufacturing processes and capabilities in a timely manner could prevent us from achieving our growth and profitability objectives. therein previously reported.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

None. Issuer Purchases of Equity Securities

The following table provides information regarding repurchases of our Common Stock during the quarter ended March 31, 2024:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(2)
January 1 - 31, 2024	3,374,935	$ 0.99	3,411,997	$ 16,615,060
February 1 - 29, 2024	3,664,346	$ 1.38	7,076,343	$ 11,568,463
March 1 - 31, 2024	1,636,114	$ 1.66	8,712,457	$ 8,858,443
Total	8,675,395		8,712,457	

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Costs Associated with Exit or Disposal Activities

On November 7, 2023, the board of directors (the “Board”) of the Company approved a strategic plan to wind-down its electric powertrain business (the “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 (“KARNO”). Following completion of the Plan, we no longer expect to recognize revenue on products not related to KARNO, including the Company’s Hypertruck ERX system (“Hypertruck ERX”) and Hyliion Hybrid system (“Hybrid”).The Company is evaluating opportunities to monetize certain of the assets and technology 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 completed by the end of the Company’s first quarter of fiscal year 2024. In connection with the Plan, the Company expects to incur total charges and expenses of approximately $18.4 million.

The Plan includes a reduction of the Company’s workforce by approximately 175 people, or 67%, with some expected to be provided transition packages that will provide for continued services through various dates of the Company’s fiscal year 2024. The Company expects the Plan will result in (i) charges consisting of approximately $1.4 million in employee severance and retention payments and $0.9 million in non-cash stock-based compensation expense related to vesting of share-based awards, and (ii) cash expenditures of approximately $13.9 million for contract terminations, with up to an additional $9.0 million depending on the outcome of supplier negotiations and other estimates and uncertainties.

The Company expects the majority of the charges and expenses related to the Plan to be incurred in the Company’s fourth quarter of fiscal year 2023.

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. For example, potential employee reductions are subject to legal requirements, which may extend the reduction process beyond that expected in certain cases. 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.

Pro Forma Financial Information

The following unaudited pro forma financial information of the Company is filed as Exhibit 99.1 to this Quarterly Report on Form 10-Q and is incorporated herein by reference:

- Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2023;
- Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Nine Months Ended September 30, 2023;
- Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Year Ended December 31, 2022; and
- Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

The pro forma financial statements are presented for informational purposes only and do not purport to represent what the Company’s results of operations or financial position would have been had the discontinuation of the Business and other transactions reflected occurred on the dates indicated or to project the Company’s financial position as of any future date or the Company’s results of operations for any future period.

Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing

On November 2, 2023, Hyliion Holdings Corp. (the “Company”) received notice (the “Delisting Notice”) from the New York Stock Exchange (the “NYSE”) that because the average per share closing price of its common stock (the “Common Stock”) over a 30 consecutive trading-day period ended November 1, 2023 was below $1.00 (the “Minimum Price Requirement”), the Company was not in compliance with Section 802.01C of the NYSE’s Listed Company Manual.

The Company plans to notify the NYSE within 10 business days of its receipt of the Delisting Notice of its intent to cure the deficiency and will consider a number of alternatives to regain compliance with the Minimum Price Requirement. Pursuant to Section 802.01C, the Company has a period of six months following receipt of the Delisting Notice (the “Cure Period”) to regain compliance with the Minimum Price Requirement. Compliance with the Minimum Price Requirement can be regained 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 theNone.

Cure Period, the Company has both (i) a closing price of at least $1.00 per share of Common Stock, and (ii) an average closing price of at least $1.00 per share of Common Stock over the thirty trading-days ended that day.

The Delisting Notice has no immediate impact on the listing of the Common Stock, which will continue to be listed and traded on the NYSE under the symbol “HYLN” during the Cure Period, subject to the Company’s compliance with the other continued listing requirements of the NYSE. The Delisting Notice does not affect the ongoing business operations of the Company or its reporting requirements with the Securities and Exchange Commission. However, failure to regain compliance with the Minimum Price Requirement within the Cure Period or to satisfy other NYSE listing standards could lead to the initiation of suspension and delisting procedures by the NYSE.

A copy of the press release announcing the Company’s receipt of the Delisting Notice is furnished herewith as Exhibit 99.2 and is incorporated by reference herein.

ITEM 6. EXHIBITS

Exhibit Number	Description
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).
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.
99.1* 10.1*†	Unaudited condensed consolidated financial statements. Hyliion 2020 Equity Incentive Plan, Form of Amendment of PSU Award Agreement.
99.2** 10.2*†	Press Release Hyliion 2020 Equity Incentive Plan, Form of Hyliion Holdings Corp., dated November 8, 2023 PRSU Award Agreement.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension 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 and contained in Exhibits 101)

* Filed herewith.

** Furnished herewith.

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 8, 2023 April 30, 2024

HYLIION HOLDINGS CORP.

/s/ Thomas Healy

Name: Thomas Healy

Title: Chief Executive Officer (Principal Executive Officer)

/s/ Jon Panzer

Name: Jon Panzer

Title: Chief Financial Officer (Principal Financial Officer)

February 13, 2024

Re: Amendment of PSU Award Agreement

Dear [Employee]:

1. In consideration of your continuing role with Hyliion Holdings Corp. (the "Company") and continued eligibility for the receipt of additional performance-based restricted stock units in the future, the undersigned ("Grantee") and the Company are entering into this letter agreement (this "Agreement") pursuant to which the Grantee and the Company hereby mutually agree to amend the [Date] Award Agreement for the PSU Award granted to you under the Company's 2020 Equity Incentive Plan, as amended (the "Plan"), as set forth in that certain Performance RSU Award Grant Notice (the "Grant Notice") and corresponding Award Agreement (together, the "Award Agreement").

2. Amendment. The Grantee and the Company mutually agree that the Award Agreement is amended to eliminate the January 1, 2024-December 31, 2024 Performance Period as follows:

(a) the "Performance Periods" paragraph of the Grant Notice is amended by the deletion of "and January 1, 2024-December 31, 2024;"

(b) the "Total Number of Target PSUs for all Performance Periods" paragraph of the Grant Notice is amended by substituting [# of shares] for [# of shares]; and

(c) the "Vesting" portion of the Grant Notice is amended by the deletion of subparagraph (iv) thereof in its entirety.

3. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and the Grantee and their respective heirs, executors, administrators, legal representatives, successors and assigns.

4. Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the Grantee and the Company with respect to the amendment of the Award Agreement; and, except as amended by this Agreement, the Award Agreement remains in effect in accordance with its terms.

5. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to conflict of law principles thereunder.

6. Section Headings. The section headings of this Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

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7. Counterparts; Electronic Signature**.** This Agreement may be signed and/or transmitted in one or more counterparts by facsimile, e-mail of a .PDF, .TIF, .GIF, .JPG or similar attachment or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology), all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other party, it being understood that both parties need not sign the same counterpart, and that any such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's hand-written signature. To the extent a party signs this Agreement using electronic signature technology, by clicking "sign," "accept," or similar acknowledgement of acceptance, such party is signing this Agreement electronically, and electronic signatures appearing on this Agreement (or entered as to this Agreement using electronic signature technology) shall be treated, for purposes of validity, enforceability and admissibility, the same as hand-written signatures.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first set forth above but on the actual dates below.

HYLIION HOLDINGS CORP.

By:

Name:

Title:

Date:

GRANTEE

/s/

Printed Name:

Date:

Hyliion Holdings Corp.
Performance RSU Award Grant Notice
(2020 Equity Incentive Plan)

In consideration of your services to Hyliion Holdings Corp. (the "***Company***"), you (the "***Participant***") are hereby awarded a number of performance-based restricted stock units (the "***PSUs***") set forth below, subject to the terms, conditions, and restrictions set forth herein, in the Company's 2020 Equity Incentive Plan (the "***Plan***") and in the Terms and Conditions (Performance RSUs) attached hereto (the "***Terms and Conditions***"), all of which terms, conditions and restrictions are incorporated herein in their entirety. Capitalized terms not explicitly defined herein shall have the meanings provided for them in the Plan or the Terms and Conditions.

Participant:

Date of Grant:

Number of PSUs Granted (the "***Target PSUs***"):

Performance Period: January 1, 2024 to December 31, 2026

Performance Criteria: The Performance Criteria relating to the Target PSUs are set forth in **Exhibit A** to the Agreement.

Vesting: The Target PSUs shall vest as follows:

1. Upon confirmation by the Compensation Committee that Performance Criteria entitling the Participant to earn all or a portion of the Target PSUs have been satisfied, the number of Target PSUs attributable to the achievement of such Performance Criteria shall vest on the one year anniversary of the date that such Performance Criteria was achieved (each such one year anniversary, an "***Interim Vesting Date***"), *provided that* no more than 50% of the Target PSUs may vest prior to December 31, 2026 even if Performance Criteria entitling the Participant to receive more than 50% of the Target PSUs have been achieved prior to such date; and

2. Upon confirmation by the Compensation Committee as promptly as is reasonably possible after December 31, 2026 that Performance Criteria entitling the Participant to earn all or a portion of the Target PSUs have been satisfied, all Target PSUs that have been earned due to the achievement of the Performance Criteria but which have not previously vested on any Interim Vesting Dates (including Target PSUs for which the Performance Criteria have already been achieved but for which the Interim Vesting Date would not occur prior to December 31, 2026) shall vest immediately upon the Compensation Committee's confirmation (the date for vesting set forth in this paragraph and any Interim Vesting Date, each, a "***Vesting Date***");

provided, that in no event shall the Participant vest in any Target PSUs in excess of the total number of Target PSUs that have actually been earned through satisfaction of the Performance Criteria as of a Vesting Date. The amount of Target PSUs that shall vest as of each Vesting Date shall be referred to as herein as the "***Vested PSUs***".

Settlement Date for Vested PSUs: As soon as practicable following each Vesting Date, but in no event later than March 15th of the calendar year following the calendar year in which each such Vesting Date occurs (the "***SettlementDate***"), and provided that Participant has remained in Continuous Service with the Company to and including the Vesting Date the Company shall deliver to the Participant one share of Common Stock for each Vested PSU.

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

- The PSU Award is governed by this Performance RSU Award Grant Notice (the "***Grant Notice***"), the Terms and Conditions, and the provisions of the Plan, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Terms and Conditions (together, the "***PSU Award Agreement***") may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.

- You have read and are familiar with the provisions of the Plan, the PSU Award Agreement and the Prospectus. In the event of any conflict between the terms set forth in the PSU Award Agreement, the Prospectus, or the Plan, the terms of the Plan shall control.

- The PSU Award Agreement sets forth the entire understanding between you 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 the Target PSUs granted hereby.

Hyliion Holdings Corp.

By: Signature	Participant: Signature
Title:	
Date:	Date:

Hyliion Holdings Corp.
2020 Equity Incentive Plan

Terms and Conditions (Performance RSUs)

The following terms and conditions are applicable to the Target PSUs granted pursuant to the Grant Notice:

1. Governing Plan Document. Your Target PSUs are subject in all respects to the provisions of the Plan, and to all interpretations, amendments, rules and regulations, that 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 Additional PSUs. Any additional PSUs that may be issued to you in respect of your Target RSUs as a result of a Capitalization Adjustment shall be subject, in the manner determined by the Board in its sole discretion, to the same forfeiture restrictions, restrictions on transferability, and time and manner of vesting and settlement as applicable to your Target PSUs.

3. Dividends. You shall not be entitled to any benefit in respect of or adjustment to your number of Target PSUs as a result of any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment. For the avoidance of doubt, this restriction applies only to the Target PSUs and shall not apply with respect to any shares of Common Stock that may been delivered to you in respect of Vested RSUs upon the occurrence of a Settlement Date.

4. Withholding Obligations.

(a) Regardless of any action taken by the Company or, if different, the Affiliate to which you provide Continuous Service (a "***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 Target PSUs 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 of any tax witholding on your behalf 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 the Target PSUs, including, but not limited to, the grant or vesting of Target PSUs, the issuance of Common Stock pursuant to such vesting, the subsequent sale of shares of Common Stock, the payment of any dividends on the Common Stock, and the granting of any additional PSUs upon the occurrence of a Capitalization Adjustment; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Target PSUs 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 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 your entire 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 Target PSUs; 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 will be subject to the express prior approval of the Board or the 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 Target PSUs 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. If 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 deliverable in respect of the Vested RSUs, notwithstanding that a portion of such 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 to you until you have fully satisfied the entire Tax Liability, as determined by the Company.

5. Date of Issuance.

(a) The issuance of Common Stock in respect of the Target PSUs is intended to comply with U.S. Treasury Regulations Section 1.409A-3(a) and will be construed and administered in such a manner. Subject to the satisfaction of the Tax Liability withholding obligation, if any, on any Settlement Date, the Company shall, in full satisfaction of the Target PSUs, issue to you one (1) share of Common Stock multiplied by the number of Vested PSUs, as determined by the Board or the Compensation Committee based on upon its determination of achievement of the Performance Criteria, 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" as determined by the Company in accordance with the Company's Insider Trading Policy as then in effect (or any successor policy thereto), 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 on the Original Issuance Date the Tax Liability withholding obligation by withholding shares of Common Stock from the shares of Common Stock otherwise due 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 that may be deliverable in respect of the Target RSUs 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 experiences a termination of employment prior to a Vesting Date for any reason, then except as provided in an agreement between the Company and the Participant or other Company plan providing for the payment of severance to the Participant upon a separation from employment then in effect, the Participant shall forfeit, and shall have no further rights or interest with respect to, any of the Target PSUs that remain unvested as of such Vesting Date, with automatic and immediate effect as of the date of the termination of employment. 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 shall be entitled to receive prorated number of the shares of Common Stock that would be delivered at the next-occurring Settlement Date in respect of the Vested RSUs, and all other unvested Target PSUs shall be forfeited. For purposes of this paragraph, proration shall occur by multiplying the number of shares of Common Stock that would have been delivered to Participant on next-occuring Settlement Date in respect of the Vested RSUs by a fraction, the numerator of which is the number of full and partial months of Participant's employment between the start of the Performance Period and the Vesting Date, and the denominator of which is the number of total months between the start of the Performance Period and the Vesting Date.

(b) The Target PSUs and the Performance Criteria, shall be subject to adjustment by the Board or the Compensation Committee (i) as provided in the Plan, (ii) as set forth on Exhibit A, and (iii) in recognition of unusual or nonrecurring events affecting the Company, or the financial statements of the Company, 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 Target PSUs (including, for the avoidance of doubt, any Vested PSUs) are not transferable, except by will or by the applicable laws of descent and distribution.

8. No Liability for Taxes. As a condition to accepting the grant of the Target PSUs, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to Tax Liability arising from the Target PSUs 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.

9. 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.

10. 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 Insider Trading Policy.

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

EXHIBIT A
TO
PSU AWARD AGREEMENT

Performance Criteria

1. Subject to the terms of the PSU Award Agreement and Plan, Participant will be eligible to conditionally vest in a portion of the Target PSUs upon the Company maintaining an average closing stock price over a thirty-trading day period for one share of Common Stock on the New York Stock Exchange in excess of certain price thresholds, all as set forth in the table below:

Common Stock Price Threshold	% of Target PSUs Vested	Cumulative % of Target PSUs Vested
$2.00	20% of Target PSUs	20%
$2.50	30% of Target PSUs	50%
$3.00	50% of Target PSUs	100%

(the "***Performance Criteria***").

2. The Committee shall have the right, in its sole discretion, to appropriately and proportionately adjust the Performance Criteria upon any change made in, or upon any other events that occur with respect to, the Common Stock through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecuring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction (as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 or any successor thereto).

EXHIBIT 31.1

CERTIFICATIONS

I, Thomas Healy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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 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: November 8, 2023 April 30, 2024

By: /s/ Thomas Healy

Thomas Healy
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATIONS

I, Jon Panzer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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 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: November 8, 2023 April 30, 2024	By:	/s/ Jon Panzer
		Jon Panzer
		Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Hyliion Holdings Corp. (the "Company") on Form 10-Q for the period ended September 30, 2023 March 31, 2024, 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.

Date: November 8, 2023 April 30, 2024

By: /s/ Thomas Healy
Name: Thomas Healy
Title: Chief Executive Officer
(Principal Executive Officer)

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 PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Hyliion Holdings Corp. (the "Company") on Form 10-Q for the period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Jon Panzer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in this Report.

Date: November 8, 2023 April 30, 2024

By: /s/ Jon Panzer
Name: Jon Panzer
Title: Chief Financial Officer
(Principal Financial Officer)

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.

We have HYLIION HOLDINGS CORP.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2023
(Dollar amounts in thousands, except share data)

	Historical Hyliion Holdings Corp. (a)	Pro Forma Adjustments	Pro Forma Hyliion Holdings Corp.
Assets			
Current assets			
Cash and cash equivalents	$ 28,600	$ —	$ 28,600
Accounts receivable	140	—	140
Inventory	139	(139) (b)	—
Prepaid expenses and other current assets	11,509	(1,482) (b)	10,027 (c)
Short-term investments	153,625	—	153,625
Total current assets	194,013	(1,621)	192,392
Property and equipment, net	11,076	—	11,076 (c)
Operating lease right-of-use assets	7,494	—	7,494
Intangible assets, net	200	(200) (b)	—
Other assets	2,038	(346) (b)	1,692
Long-term investments	141,324	—	141,324
Total assets	$ 356,145	$ (2,167)	$ 353,978
Liabilities and stockholders' equity			
Current liabilities			
Accounts payable	$ 3,507	$ —	$ 3,507
Current portion of operating lease liabilities	807	—	807
Accrued expenses and other current liabilities	8,867	15,304 (d)	24,171
Total current liabilities	13,181	15,304	28,485
Operating lease liabilities, net of current portion	7,354	—	7,354
Other liabilities	1,248	—	1,248
Total liabilities	21,783	15,304	37,087
Commitments and contingencies			
Stockholders' equity			
Common stock, $0.0001 par value; 250,000,000 shares authorized; 182,716,445 shares issued and outstanding at September 30, 2023	18	—	18
Additional paid-in capital	402,978	—	402,978
Accumulated deficit	(68,634)	(17,471) (e)	(86,105)
Total stockholders' equity	334,362	(17,471)	316,891
Total liabilities and stockholders' equity	$ 356,145	$ (2,167)	$ 353,978

HYLIION HOLDINGS CORP.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Dollar amounts in thousands, except share and per share data)

	Historical Hyliion Holdings Corp. (a)	Pro Forma Adjustments	Pro Forma Hyliion Holdings Corp.
Revenues			
Product sales and other	$ 672	$ (672) (f)	$ —
Total revenues	672	(672)	—
Cost of revenues			
Product sales and other	1,675	(1,675) (f)	—
Total cost of revenues	1,675	(1,675)	—
Gross loss	(1,003)	1,003	—
Operating expenses			
Research and development	73,472	(57,863) (f)	15,609
Selling, general and administrative	30,265	(10,645) (f)	19,620
Total operating expenses	103,737	(68,508)	35,229
Loss from continuing operations	(104,740)	69,511	(35,229)
Interest income	10,345	—	10,345
Gain on disposal of assets	1	(1) (f)	—
Other income, net	14	(14) (f)	—
Net loss from continuing operations	$ (94,380)	$ 69,496	$ (24,884)
Net loss per share from continuing operations, basic and diluted	$ (0.52)		$ (0.14)
Weighted-average shares outstanding, basic and diluted	180,914,250		180,914,250

HYLIION HOLDINGS CORP.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2022

(Dollar amounts in thousands, except share and per share data)

	Historical Hyliion Holdings Corp. (a)	Pro Forma Adjustments	Pro Forma Hyliion Holdings Corp.
Revenues			
Product sales and other	$ 2,106	$ (2,106) (f)	$ —
Total revenues	2,106	(2,106)	—
Cost of revenues			
Product sales and other	8,778	(8,778) (f)	—
Total cost of revenues	8,778	(8,778)	—
Gross loss	(6,672)	6,672	—
Operating expenses			
Research and development	110,370	(67,026) (f)	43,344
Selling, general and administrative	41,988	(16,880) (f)	25,108
Total operating expenses	152,358	(83,906)	68,452
Loss from continuing operations	(159,030)	90,578	(68,452)
Interest income	5,724	—	5,724
Loss on disposal of assets	(19)	19 (f)	—

Other expense, net	(32)	—	(32)
Net loss from continuing operations	$ (153,357)	$ 90,597	$ (62,760)
Net loss per share from continuing operations, basic and diluted	$ (0.87)		$ (0.36)
Weighted-average shares outstanding, basic and diluted	175,400,486		175,400,486

The unaudited pro forma condensed consolidated financial statements reflect the following notes and adjustments:

(a) Reflects the condensed consolidated balance sheet as of September 30, 2023 and condensed consolidated statement of operations for the nine months ended September 30, 2023 as filed in this Form 10-Q and the condensed consolidated statement of operations for the year ended December 31, 2022 as filed in the Company's annual report on Form 10-K for the year then ended.

(b) Adjustments represent the impairment or accelerated depreciation and amortization of assets.

(c) Amounts include assets that are expected to be sold for greater than the recorded value. No adjustments for cash expected to be received upon sale or reclassification to assets held-for-sale have been made.

(d) Adjustment represents the estimated accrual of exit charges including severance and retention payments and contract terminations. The actual charges are expected to be recorded on the Company's financial statements in the fourth quarter of 2023 and will differ from this estimate, and are subject to the outcome of supplier negotiations. We estimate that these charges could be up to $9.0 million greater than the amount presented.

(e) Adjustment represents the net impact of impairment or accelerated depreciation and amortization of assets, and estimated accrual of exit charges including severance and retention payments and contract terminations. No impacts

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from the disposition assets have been reflected and the exact timing and amount of any such dispositions are currently unknown.

(f) Adjustments represent the elimination of activities associated with powertrain business. The elimination of research and development and selling, general and administrative operating expenses were based on estimates and may not be representative of actual continuing operations.

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HYLIION RECEIVES NYSE CONTINUED LISTING STANDARDS NOTICE

AUSTIN, Texas, November 8, 2023 – Hyliion Holdings Corp. (NYSE: HYLN) ("Hyliion" or the "Company"), a developer of KARNO generator and electric powertrain technologies, today announced that it has received notice from the New York Stock Exchange (the "NYSE") on

November 2, 2023 that because the average per share closing price of Hyliion's common stock over a 30 consecutive trading-day period ended November 1, 2023 was below $1.00, Hyliion was not in compliance with Section 802.01C of the NYSE's Listed Company Manual.

Hyliion plans to notify the NYSE within 10 business days of its receipt of the notice of its intent to cure the deficiency and will consider a number of alternatives to regain compliance. Hyliion has a period of six months following receipt of the notice to regain compliance. Compliance can be regained at any time during the six-month period if on the last trading day of any calendar month during the six-month period or on the last day of the six-month period, Hyliion has both (i) a closing price of at least $1.00 per share of Hyliion common stock and (ii) an average closing price of at least $1.00 per share of Hyliion common stock over the thirty trading-days ended that day.

The notice has no immediate impact on the listing of Hyliion's common stock, which will continue to be listed and traded on the NYSE under the symbol "HYLN" during the six month period, subject to Hyliion's compliance with the other continued listing requirements of the NYSE.

About Hyliion

Hyliion is committed to creating innovative solutions that enable clean, flexible and affordable electricity production. The Company's primary focus is to provide distributed power generators that can operate on various fuel sources to future-proof against an ever-changing energy economy. Headquartered in Austin, Texas, and with research and development in Cincinnati, OH, Hyliion is addressing the commercial space first with a locally-deployable generator that can offer prime power, peak shaving, and renewables matching. Beyond stationary power, Hyliion will address mobile applications such as vehicles and marine. The KARNO generator is a fuel-agnostic solution, enabled by additive manufacturing, that leverages a linear heat generator architecture. The Company aims to offer innovative, yet practical solutions that contribute positively to the

environment in the energy economy. For further information, please visit www.hyliion.com.

Forward Looking Statements

The information in this press release includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of present or historical fact included in this press release, regarding Hyliion and its future financial and operational performance, as well as its strategy, future operations, estimated financial position, estimated revenues, and losses, projected costs, prospects, plans and objectives of management are forward looking statements. When used in this press release, including any oral statements made in connection therewith, the words "could," "should," "will," "may," "believe," "anticipate," "intend," "estimate," "expect," "project," the negative of such terms and other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management's current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. Except as otherwise required by applicable law, Hyliion expressly disclaims any duty to update any forward-looking statements, all of which are expressly qualified by the statements herein, to reflect events or circumstances after the date of this press release. Hyliion cautions you that these forward-looking statements are subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond the control of Hyliion. These risks include, but are not limited to, our status as an early stage the Company with a history of losses, and our expectation of incurring significant expenses and continuing losses for the foreseeable future; our ability to develop to develop key commercial relationships with suppliers and customers; our ability to retain the services of Thomas Healy, our Chief Executive Officer; the expected performance of the KARNO generator and system; the execution of the strategic shift fromour powertrain business to our KARNO business, and the other risks and uncertainties described under the heading "Risk Factors" in our SEC filings including in our Annual Report (See item 1A. Risk Factors) on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 28, 2023 for the year ended December 31, 2022 and Form 10-Q filed with the SEC on November 8, 2023 for the quarterly period ended September 30, 2023. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Should one or more of the risks or uncertainties described in this press release occur, or should underlying assumptions prove incorrect, actual results and plans could different materially from those expressed in any forward-looking statements. Additional information concerning these and other factors that may impact Hyliion's operations and projections can be found in its filings with the SEC. Hyliion's SEC Filings are available publicly on the SEC's website at www.sec.gov, and readers are urged to carefully review and consider the various disclosures made in such filings.

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