

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

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2024

or

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

For the transition period from _____ to _____

Commission File Number 001-38823



HYLIION HOLDINGS CORP.

(Exact name of registrant as specified in its charter)

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock \$0.0001 per share	HYLN	NYSE American LLC

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

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

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

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Note Regarding Third-Party Information

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

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

Part I

ITEM 1. BUSINESS

Overview

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

Hyllion is committed to creating innovative solutions that enable clean, efficient, and flexible electricity production while contributing positively to the environment in the energy economy. Hyllion’s primary product offering, the KARNOTM generator, is a modular, fuel-agnostic power generating solution, enabled by additive manufacturing. The KARNOTM generator leverages a thermal converter coupled to a linear generator to produce electricity with significant improvements in efficiency, emissions and lifecycle cost compared to conventional generators. Hyllion’s KARNOTM generators enable effective distributed power generation using a wide range of fuel sources, including conventional fuels, waste fuels such as landfill gas, wellhead gas, and zero carbon fuels such as renewable hydrogen and ammonia. Hyllion is initially targeting the commercial and industrial sectors with a locally-deployable generator designed to meet a wide range of power generation needs. The Company plans to scale up its generator solution to address larger utility-scale power needs and to develop future variants for industrial waste heat, household use and e-mobility applications such as vehicles and marine vessels. Additionally, the generator technology is well-suited to provide combined heat and power (“CHP”) in various stationary applications.

Strategic Business Developments

In September 2024, Hyllion was awarded a cost-plus-fixed-fee contract of up to \$16 million by the United States Department of the Navy’s Office of Naval Research (“ONR”) to assess the suitability of its KARNOTM generator for Navy vessels and stationary power applications. The contract aligns with ONR’s objective of leveraging advanced technology to reduce its carbon footprint while enhancing operating capabilities. Hyllion believes the KARNOTM generator can provide a versatile, efficient, and reliable power solution to meet the unique demands of U.S. naval operations in maritime environments. Prior to September 2024, the Company was performing under two contracts as both a prime and subcontractor to the United States government to provide R&D services for up to \$2.4 million. Upon successful validation and demonstration, the KARNOTM generator could be used as an electric power system in future platforms and for stationary power needs.

In December 2024, Hyllion was awarded a \$6 million grant from the U.S. Department of Energy’s (“DOE”) Methane Emissions Reduction Program which backs projects targeting advancement in monitoring, measuring, and mitigating methane emissions across the oil and gas industry. The funding awarded to Hyllion is contingent upon the completion of final negotiations and the execution of a definitive agreement with the U.S. DOE. For this project, representing a total of \$8.4 million in federal and non-federal funding, Hyllion will install up to 2 megawatts of KARNOTM generators in collaboration with oil and gas partners. We expect that the project will demonstrate the KARNOTM generator’s unique ability to operate on wellhead gas to produce sustainable, near-zero emissions electricity. In 2023, Hyllion successfully tested gas from the Permian Basin, highlighting the generator’s fuel-agnostic design and its capability to utilize unprocessed gas. This distinctive capability positions the KARNOTM generator as a groundbreaking solution for reducing flaring and methane emissions while delivering efficient, scalable power. We expect that this grant will empower Hyllion to deploy KARNOTM generators in the oil and gas industry, advancing sustainable energy generation, as well as economic growth and job creation in local communities.

Products and Services

KARNOTM Generator System

The KARNOTM generator emerged out of General Electric’s long-running R&D investments in aerospace and metal additive manufacturing across multiple industries and in areas such as generator thermal and performance design. We initially envisioned utilizing the KARNOTM generator as new range-extending power source for our Hypertruck powertrain system, given its ability to operate on a wide range of fuel sources, including natural gas and hydrogen. After the previously announced wind down of our powertrain operations, we shifted our focus to the development and commercialization of the KARNOTM generator as a standalone

product and related R&D services that we have undertaken pursuant to contracts with the United States government. We believe that the unique capabilities of the KARNO generator will make it competitive in the market for distributed power systems, competing favorably against conventional generating systems and new alternative power systems such as fuel cells and other linear generators. The KARNO generator technology, including the technology that we acquired from General Electric, 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.

The Science of the KARNO Generator

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

Linear generators present several advantages over conventional generators, including higher thermal efficiency, lower emissions and reduced maintenance, benefits that are partly attributable to the generator's 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 the KARNO generator, each shaft of the generator relies on a single moving part and utilizes a pressurized helium bearing system in place of oil-based lubricants.

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

The KARNO generator is expected to surpass the efficiency of conventional generating systems when employing various fuel sources and its high efficiency is expected to remain consistent across a broad range of output power levels. In contrast, fuel cells reach peak efficiency at low power levels but experience diminishing efficiency as output increases towards full power. Internal combustion engines typically achieve peak efficiency within a limited operational output range and may suffer increased wear at low power levels. The KARNO generator offers a distinct advantage in power adjustment by modulating 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 approximately 45%, calculated by considering the usable output power in relation to the energy from the fuel source. High efficiency is expected to remain relatively consistent across a wide range of output power levels, spanning from tens of kilowatts to multiple megawatts. In contrast, internal combustion diesel generators typically operate within an efficiency range of 25% to 40% over a similar power spectrum, while the U.S. electrical power grid is estimated to operate at an efficiency between 33% and 40%. Notably, best-in-class grid-level gas turbine powerplants can obtain efficiencies above 50% but often incur transmission and distribution losses between 5% and 10% which the KARNO generator is expected to circumvent by being strategically located near the point of power consumption.

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

One of the notable advantages of the KARNO generator in comparison to traditional generating units is the expected reduction in maintenance requirements and cost. Conventional generators typically incur periodic and usage-based maintenance expense

that can range between 5% to 20% of their total operating cost throughout their lifespan, influenced by factors such as utilization and operating parameters. The KARNØ generator's primary advantage arises from having only a single moving linear actuator per shaft (4 shafts per 200 kW generator), which glides on low friction helium bearings. This innovative design significantly mitigates efficiency losses attributed to friction, enhancing the system's operational longevity and eliminating the need for oil-based lubricants.

The KARNØ generator derives advantages from its expected capability to operate across a diverse spectrum of over 20 available fuel sources and fuel mixtures. These include natural gas, propane, gasoline, jet fuel, and alternative fuels like biodiesel, hydrogen and ammonia. Moreover, the generator can transition between these fuels or fuel blends. 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 farm. Furthermore, as hydrogen becomes more widely available, the KARNØ generator will be able to adapt to this cleaner fuel. As the energy landscape evolves, the KARNØ generator's fuel-agnostic nature positions it as a flexible solution to electricity generation needs.

Benefits of the KARNØ Generator Versus Conventional Competitors

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

- *Generator Efficiency:* The anticipated operating efficiency of the KARNØ generator could result in lower marginal cost of electricity generation versus conventional generating systems and, in some markets, grid power.
- *Low Maintenance:* With only a single moving part per shaft, the simplicity of the KARNØ generator is expected to reduce both periodic maintenance expenses, overhaul costs and longer uptime.
- *Fuel Agnostic:* While many traditional generators operate on a single fuel source or require system modification to achieve fuel flexibility, the KARNØ 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 KARNØ generator operates without internal combustion, resulting in a significantly lower noise level of approximately 67 decibels at six feet.
- *Higher Power Density:* The unique architecture and features of the KARNØ generator that are achieved by advances in additive manufacturing are expected to enable the generator to achieve a high power density.
- *Modularity:* The DC output of the KARNØ generator allows multiple generators to be connected on a single bus to achieve higher power outputs without impacting other performance characteristics.

Market Opportunity

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

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

Hyliion's KARNØ generator is an innovative solution in the emerging distributed generation space, offering a reliable power generator that combines high efficiency, fuel flexibility, and low emissions. Designed for both stationary and mobile applications, the KARNØ generator addresses many of the challenges that have traditionally limited the widespread adoption of onsite power

solutions. These include high operating costs, reliability issues, complex maintenance, noise pollution, space constraints, and dependency on limited fuel sources.

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

Beyond the 200 kW variant, Hyllion is advancing the development of a larger 2 MW KARNO system, which integrates multiple 200 kW generator units operating in tandem within a compact 160 square-foot footprint - approximately the size of a 20' shipping container. We believe that this modular and scalable approach enables seamless power expansion while maintaining high efficiency and reliability. Scheduled for commercialization in 2026, the 2 MW solution will target key market segments such as data centers and industrial prime power applications. By utilizing multiple 200 kW generating blocks, the system offers built-in redundancy and the flexibility for customers to customize capacity to match their power needs.

Hyllion also plans to expand the KARNO product line with both larger and smaller capacity versions, adjusting power levels by varying the number of generator shafts and component sizes. Initially, the KARNO generator will address power applications ranging from 200 kW to the low hundreds of megawatts, addressing a broad spectrum of distributed generation needs. With its ability to deliver reliable, fuel-flexible, and highly efficient power, the KARNO generator is uniquely positioned to serve a variety of key market segments, including:

- *Data Centers:* As cloud computing, artificial intelligence, machine learning, and edge computing continue to expand, data centers are projected to grow rapidly, consuming an increasing share of global energy demand. Onsite generation is an emerging solution to power new data center installations. Hyllion's 2 MW KARNO generator is being designed to address the needs of data center developers by providing a scalable, fuel-flexible onsite power solution with best-in-class power density. Capable of operating on more than 20 different fuels, the KARNO generator enables data center developers to minimize onsite generation infrastructure. Its ability to easily transition between pipeline-supplied fuels, such as hydrogen or natural gas, and onsite stored fuels, like methanol or diesel, eliminates the need for separate backup generation systems, reducing capital and operational costs. Furthermore, the KARNO generator maintains high efficiency across broad range of load factors.
- *Vehicle Charging:* The rapid adoption of electric vehicles ("EVs") is placing increasing strain on grid capacity, a challenge expected to grow with the introduction of commercial EVs, including buses, delivery vans, and heavy-duty trucks. These vehicles require substantial power for charging, intensifying grid demands. While Direct Current ("DC") fast charging technology and infrastructure are evolving to meet this need, many commercial operators cite limited grid capacity and high electricity costs as barriers to scaling their EV fleets. Hyllion's KARNO generator offers an advantaged solution for commercial EV charging. Its native DC output integrates seamlessly with DC fast charging infrastructure, eliminating power losses associated with conversion. Additionally, the KARNO generator's compact footprint and quiet operation make it ideal for deployment in space-constrained locations, such as urban charging hubs, fleet depots, and remote charging stations where grid access is limited or expensive. When paired with onsite energy storage systems and renewable energy sources like solar or wind, KARNO generators can enable resilient and sustainable microgrids for EV charging.
- *Biogas (Landfill, Waste Water & Digester Gas):* Biogas sourced from landfills, wastewater treatment plants, and dairy digesters represents a rapidly growing market as industries and municipalities seek to convert methane-rich waste gases into electricity and prevent methane, a potent greenhouse gas, from escaping into the environment or being flared. Current power generation technologies often struggle to process biogas due to contaminants such as hydrogen sulfide ("H₂S") and siloxanes, as well as moisture and fluctuating gas compositions, necessitating preconditioning and purification before the fuel can be utilized. The KARNO generator's advanced architecture and corrosion-resistant

materials enable it to operate with minimal gas preconditioning, making it a cost-effective, high-performance solution for converting waste gas into reliable power.

- *Oil & Gas and Syngas Gas:* The oil and gas industry is rapidly electrifying due to growing power needs across drilling, production, refining, and transportation operations. However, wellhead and flare gas, byproducts of oil and gas extraction, are often wasted due to insufficient pipeline capacity or poor gas quality, leading to lost energy and increased emissions. The KARNO generator enables conversion of waste gas into usable electricity with minimal pre-treatment, enabling onsite power generation and grid integration. Its fuel flexibility, use of corrosion-resistant materials, and ability to handle variable fuel quality make it an ideal technology of choice for oilfield electrification while significantly reducing emissions. Additionally, the KARNO generator's fuel-agnostic capability allows it to generate clean electricity from hydrogen-rich syngas, a valuable byproduct of gasification or industrial processes.
- *Prime Power & Microgrids:* As electricity demand increases and grid infrastructure struggles, microgrids and prime power solutions are becoming essential for industries facing high consumption charges, peak demand pricing, and grid reliability concerns. Businesses, industrial sites, and remote facilities increasingly seek localized power generation to mitigate rising energy costs, monetize assets, and improve operational resilience. With relatively high efficiency, fuel adaptability and low maintenance needs, KARNO generators provide a cost-effective alternative to grid electricity, allowing businesses to optimize energy costs while ensuring uninterrupted operations. Its ability to seamlessly integrate with energy storage and renewable sources enables installation of effective hybrid energy solutions. Additionally, the KARNO generator's cogeneration capabilities allow industries to utilize both electricity and thermal energy, improving overall system efficiency and recovering usable waste heat.
- *Backup Power:* The market for local backup power generators is well established and positioned to grow due to decreasing grid reliability, the increasing share of intermittent renewable energy sources, rising extreme weather events, and the need for uninterrupted power. Also, the grid balancing and servicing market is expanding as utilities and independent power producers seek fast-ramping, distributed generation assets to balance supply and demand fluctuations. Innovative business models such as Resiliency-as-a-Service and Virtual Power Plants have emerged to leverage distributed generation assets for grid resilience. With growing concerns over emissions from internal combustion engine-powered generators in the backup power market we believe the KARNO generator presents an opportunity to provide solutions for end users that desire a lower emissions profile and in the event emissions regulations are further tightened.
- *Mobility:* The KARNO generator is particularly suitable for applications that require a source of electric power in mobile applications such as electric vehicles, railroad locomotives, remote power generation and marine vessels. Compared to conventional power sources the KARNO generator is expected to offer higher efficiency, lower emissions, quieter operation, reduced maintenance needs and the flexibility to operate on a wider range of fuel sources. Additionally, the generator's high power density, modularity and native DC power output offers an added advantage where space constraints and integration are considerations.
- *Waste Heat:* In hard-to-decarbonize industrial sectors such as cement, glass, and primary metals production, vast amounts of high-grade waste heat (1000°C+) are released during manufacturing processes. Traditionally, much of this thermal energy is lost due to limited efficient recovery solutions. Since the KARNO generator uses heat as its primary

energy source to generate electricity, high-temperature industrial waste heat is expected to be able to be directly utilized to produce clean electricity, enabling industries to recover wasted energy, improve efficiency, and reduce emissions.

KARNO Generator Development

Research and Development

Most of our current activities are focused on the R&D of our KARNO generator. We undertake significant testing and validation of our products and components to ensure that they will meet the demands of our customers. Our R&D activities primarily take place at our facility in Cincinnati, Ohio and at our headquarters in Cedar Park, Texas. Our R&D is primarily focused on:

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

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

During 2024, we completed the design and sourcing of components for the balance-of-plant systems that support linear generator operation for the 200 kW system, including the system enclosure. The balance of plant includes cooling, pressure control, fuel and air, battery, high and low voltage, inlet air and exhaust systems. Development work also includes control software, safety systems, the human-to-machine interface and the physical integration of systems. Validation of essential operating parameters, including efficiency, emissions and reliability, were also part of R&D activities. Initial generator deployments, coupled with our ongoing testing and development efforts, will continue to help validate other critical design specifications, including the generator's projected operating life, maintenance requirements and durability.

Research and Development Services

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

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

emissions profile and test different power configurations to ensure the technology aligns with their operational and environmental needs.

Commercial Deployment

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

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

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

Production, Assembly, Installation and Suppliers

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

Additive manufacturing is a key enabler of KARNØ generator technology and performance characteristics and is considered a core competency of Hyliion as well as a source of competitive advantage versus other linear power generating systems. In 2024, Hyliion procured state-of-the-art laser sintering machines (3-D additive printers) manufactured by GE to begin building out print capacity. Hyliion's R&D facility in Cincinnati also houses additive printers that support R&D activities and commercial production needs. Hyliion has placed orders with GE for additional additive printing machines, which are expected to be delivered in 2025, providing a growing base of print production capacity.

Advancements in additive printer technology are expected to grow over time, driven by improvements in laser technology and other printing innovations. New printer models are expected to offer progressively greater printing speed, with some enhancements potentially available as retrofits for existing machine platforms. In parallel, we are pursuing design modifications to enable the production of components with less complex geometry using conventional manufacturing processes, reducing reliance on additive printing where feasible. For less critical components, we are exploring utilization of lower-cost and

lightweight materials like aluminum and stainless steel. Additionally, as production volumes increase, we expect economies of scale to contribute to reduced system component costs, enhancing the overall competitiveness of the KARNØ generator system.

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

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

Intellectual Property

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

As of December 31, 2024, we had 68 issued U.S. patents, 28 pending U.S. patent applications, and 22 foreign patent applications. Of the foregoing patent and application totals, 61 pertain to our KARNØ generator and the remainder primarily relate to powertrain technology, which we may retain for potential future use or sale. We pursue the registration of our domain names, trademarks and service marks in the United States and in some locations abroad. In an effort to protect our brand, as of December 31, 2024, we had three registered and six pending trademarks in the United States and 44 registered and three pending trademarks internationally.

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

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

Human Capital

As of December 31, 2024, we had approximately 93 full-time employees. All full-time employees are located within the United States. Our people are integral to our business, and we are highly dependent on our ability to attract, engage, develop and retain key employees while hiring qualified management, technical, and vehicle engineering personnel. We welcome the diversity of all team members and encourage the integration of their unique skills, thoughts, experiences and identities. By fostering an inclusive culture, we enable every member of the workforce to leverage their unique talents and deliver high-performance standards to drive innovation and success.

Government Regulations

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

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

- natural resources.

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

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

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

Competition

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

- total cost of ownership;
- emissions profile;
- availability of fueling sources;
- ease of integration into existing operations;
- product performance and uptime; and
- generator quality, reliability, safety and noise.

We believe that we compete favorably with our competitors on the basis of these factors; however, most of our current and potential competitors have greater financial, technical, manufacturing, marketing and other resources than us. Our competitors may be able to deploy greater resources to the design, development, manufacturing, distribution, promotion, sales, marketing and

support of their generator products. Additionally, our competitors also have greater name recognition, longer operating histories, larger sales forces, broader customer and industry relationships and other tangible and intangible resources than us. These competitors also compete with us in recruiting and retaining qualified R&D, sales, marketing and management personnel, as well as in acquiring technologies complementary to, or necessary for, our products. Additional mergers and acquisitions may result in even more resources being concentrated in our competitors. We cannot provide assurances that our stationary generators will be broadly adopted or will provide benefits that overcome their capital costs.

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

Legal Proceedings

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

Information About Our Executive Officers

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

Name of Individual	Age	Position
Thomas Healy ⁽¹⁾	32	Chief Executive Officer
Jon Panzer ⁽²⁾	58	Chief Financial Officer
Cheri Lantz ⁽³⁾	49	Chief Strategy Officer
Joshua Mook ⁽⁴⁾	43	Chief Technology Officer
Jose Oxholm ⁽⁵⁾	58	Chief Legal & Compliance Officer
Govindaraj Ramasamy ⁽⁶⁾	44	Chief Commercial Officer

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

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

³ Ms. Lantz has served as Chief Strategy Officer since 2022. Ms. Lantz is a seasoned strategy leader who has spent 25 years developing and leading operations and growth strategies for manufacturers in the mobility sector. Prior to joining the Company, Ms. Lantz served as the Vice President of Strategy for the Transportations Solution Segment at TE Connectivity, an electronics manufacturer. Prior to that role, Ms. Lantz served as the Chief Strategy Officer and executive leader responsible for advanced and shared engineering and global test labs at Meritor, Inc., a leading manufacturer of axles and brakes to the commercial vehicle industry. Additionally, Ms. Lantz has advised companies on growth and operational topics as a strategist for Boston Consulting Group and Booz and Company. Ms. Lantz holds three degrees from the University of Michigan, an MBA from the Ross School

of Business with a focus on corporate strategy and economics, a master's in manufacturing engineering and a B.S. in chemical engineering.

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

⁵ Mr. Oxholm has served as Chief Legal & Compliance Officer since February 2024 and prior to this, served as Vice President, General Counsel, and Chief Compliance Officer since 2020. Mr. Oxholm has extensive experience with complex business transactions, litigation, and new market entries for companies in the automotive and transportation sectors. From January 2017 to February 2020, Mr. Oxholm served as Vice President, Deputy General Counsel and Chief Compliance Officer for Meritor, Inc. Prior to that, Mr. Oxholm was Senior Vice President, General Counsel and Secretary for LoJack Corporation from 2012 to 2016. Mr. Oxholm holds a J.D. from the University of Pennsylvania and a bachelor's degree from the University of Michigan.

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

Available Information

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

1A. RISK FACTORS.

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

Risks Related to our Business

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

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

We depend on government funding, which if lost or reduced, could have a material adverse effect on our research and

development activities and our ability to begin recognizing revenue. Our largest contract is with ONR and is the largest single source of revenue for us. Our ONR contract may not be guaranteed to be extended beyond its current scope.

We have not made any commercial sales of our KARN0 generator to date and our ONR contract is the largest single source of revenue for us. In September 2024 we were awarded a cost-plus-fixed-fee contract of up to \$16 million by ONR to assess the suitability of our KARN0 generator for Navy vessels and stationary power applications. We currently receive almost all of our revenue from fees and costs payable by ONR pursuant to our R&D contracts. While we believe we have a good working relationship with ONR, the loss of our contracts with ONR may have an adverse impact on our business, prospects, results of operations and financial condition. While we expect to sell our KARN0 generator to commercial customers beginning with initial deployments in 2025, for the time being we are substantially dependent on funding from ONR.

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

We have historically incurred net losses (\$52.0 million and \$123.5 million for the years ended December 31, 2024 and 2023, respectively). We believe that we will continue to incur significant operating and net losses each quarter until we are generating sufficient positive gross margins from sales of KARN0 generator products or R&D services, and we may never achieve such performance.

Additionally, 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 require significant capital to develop and grow our business, including developing, producing and servicing KARN0 generators and our brand and investing in additive printing machines. We expect to incur significant expenses, which will impact our profitability and available capital, including costs for R&D efforts, component and service procurement, sales, general and administrative costs, and production, distribution and support.

Our ability to become profitable in the future will require us to complete the design, development and testing of our KARN0 generator while achieving projected performance criteria. We must also successfully market our KARN0 generator and related services to customers, sell our systems at prices needed to achieve positive gross margins, and reduce production costs. We may need to sell our products at a loss or discounted prices in the short term in order to win initial customer orders and gain the confidence of potential customers. If we are unable to efficiently design, produce, market, sell, distribute and service our KARN0 generator, our margins, profitability, and long-term prospects will be materially and adversely affected.

We have no experience manufacturing the KARN0 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 KARN0 generator on a large scale but in order to produce the generator at affordable prices, we will have to manufacture at scale which may require future printer throughput increases, reduction of printer and material costs, and lower purchased component and services costs, enabled by volume-driven cost reductions and design changes for generator components. We do not know whether we will timely receive the printers we need to manufacture KARN0 generators at scale or whether the printers we intend to use will be able to adequately accommodate capacity needs. We do not know whether our plans to scale the product will be implemented such that they will satisfy the requirements of our customers and the anticipated markets for the KARN0 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 KARN0 generators or who can do so on commercially acceptable terms. Our failure to develop manufacturing processes and capabilities in a timely manner could prevent us from achieving our growth and profitability objectives.

Significant markets for our KARN0 generator may develop more slowly than we anticipate or may never develop at all. This would significantly harm our revenues and may cause us to be unable to recover the losses we have incurred and expect to incur in the development of our products.

The distributed power generation industry is still an emerging market in an otherwise mature and heavily regulated energy utility industry, and we cannot be sure that potential customers will accept distributed generation broadly, or stationary power generators including our KARN0 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 KARN0 generator technology over traditional or competing power sources like electricity from the grid, for any number of reasons, including the perception that our

technology or our Company is unproven, lack of confidence in our business model, the unavailability of third-party service providers to operate and maintain KARNO generators, and lack of awareness of our product or their perception of regulatory or political headwinds.

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

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

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

Our success, and our ability to increase revenue and operate profitably, depends in part on our ability to identify target customers and to convert early-stage products into meaningful orders in the future. If we are unable to meet our customers' performance requirements or industry specifications, identify target customers or convert early-stage products into meaningful orders, our business, prospects, financial condition and operating results would be materially adversely affected. Moreover, if we or our customers find that our KARNO generator does not perform as expected or if our orders for KARNO generators do not materialize in large numbers, we may cease to distribute our KARNO generators, or recall some or all of our product, and future distributions may be delayed or cease for some period of time or indefinitely.

Our products may not be suitable for defense applications.

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

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

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

certifications for use of the KARNO generator on their premises or other intended locations and the delay or failure of these customers to obtain such certifications could have a material impact on our business and operating results.

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

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

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

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

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

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

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

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

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

Once we begin commercial production of our KARNO generator, we may experience increases in the cost or a sustained interruption in the supply or shortage of our components. Any such increase or supply interruption could materially negatively

impact our business, prospects, financial condition and operating results. The prices for our components fluctuate depending on market conditions and global demand and could adversely affect our business, prospects, financial condition and operating results.

Risks Related to our Products

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

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

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

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

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

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

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

Risks Related to our Financial Results

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

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

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

As a result of these factors, we believe that period-to-period comparisons of our financial results, especially in the short term, are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of future performance. Moreover, our financial results may not meet expectations of equity research analysts, ratings agencies or investors, who may be overly focused on quarterly financial results or financial valuation models that do not match our expected growth plan. If any of this occurs, the trading price of our common stock could fall substantially, either suddenly or over time.

Risks Related to Our Industry and Competitive Landscape

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

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

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

We also face competition in the R&D services market from companies that specialize in the design, development and testing of electric generator systems, military equipment and broader engineering R&D services. Many of our competitors, including conventional generator manufacturers, engineering firms and military contractors, possess broader R&D capabilities, longer operating histories, established relationships with U.S. military procurement organizations and greater financial resources. Additionally, there is no guarantee that we will successfully extend our existing R&D contracts or secure new business from

current or prospective customers. Failure to deliver satisfactory R&D results or to compete effectively with established competitors could limit our future R&D opportunities and adversely affect our business performance.

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

Significant developments in alternative technologies, such as battery cells, advanced diesel, improved natural gas engines, fuel cells, new power generation technology or alternate fuel sources or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business, prospects, financial condition and operating results in ways we do not currently anticipate. Existing and other battery cell technologies, fuels or sources of energy may emerge as customers' preferred alternative to grid power. Any failure by us to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could adversely affect our business results.

Risks Related to Technology, Data and Privacy-Related Matters

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

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

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

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

Our KARNOS generators contain complex information technology systems and built-in data connectivity to accept and install periodic remote updates to improve or update functionality. We have designed, implemented and tested security measures intended to prevent unauthorized access to our information technology networks. Any unauthorized access to or control of our KARNOS generator systems, or any loss of customer data, could result in legal claims or proceedings and remediation of such problems could result in significant, unplanned expenditures.

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

Companies, organizations or individuals, including our competitors, may own or obtain patents, trademarks or other proprietary rights that would prevent or limit our ability to make, use, develop or sell our KARNOS generator and other products, which could make it more difficult for us to operate our business. We may receive inquiries from patent, copyright or trademark owners inquiring whether we infringe upon their proprietary rights. We may also be the subject of allegations that we have misappropriated their trade secrets or other proprietary rights. Companies owning patents or other intellectual property rights relating to distributed generators may allege infringement or misappropriation of such rights. In response to a determination that we have infringed upon or misappropriated a third party's intellectual property rights, we may be required to cease development, sales or use of our products that incorporate the asserted intellectual property, pay substantial damages, obtain a license from the owner of the asserted intellectual property right, which license may not be available on reasonable terms or at all, or redesign one

or more aspects or systems of our products. A successful claim of infringement or misappropriation against us could materially adversely affect our business, prospects, financial condition and operating results. Any litigation or claims, whether valid or invalid, could result in substantial costs and diversion of resources.

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

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

Patent, trademark, copyright and trade secret laws vary throughout the world. Some foreign countries do not protect intellectual property rights to the same extent as do the laws of the U.S. Further, policing the unauthorized use of our intellectual property in foreign jurisdictions may be difficult. Therefore, our intellectual property rights may not be as strong or as easily enforced outside of the U.S.

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

Risks Related to Regulatory Matters

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

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

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

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

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

Changes in trade policies, the imposition of new tariffs, or alterations in tax regulations in the jurisdictions where we source our materials or sell our products could lead to increased costs and disruptions in our supply chain. These added costs may not be easily passed on to customers, thereby affecting our profit margins. Furthermore, navigating the complexities of international trade regulations requires substantial administrative effort and resources, contributing to potential delays and inefficiencies in our

production and distribution processes. Any significant increase in tariffs, duties, or taxes could have a material adverse effect on our business, financial condition, and operating results.

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

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

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

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

Collection of our customers', employees', and others' information in conducting our business may subject us to various legislative and regulatory burdens related to data privacy and security that could require notification of data breaches, restrict our use of such information and hinder our ability to acquire new customers or market to existing customers. The regulatory framework for data privacy and security is rapidly evolving, and we may not be able to monitor and react to all developments in a timely manner. For example, California requires connected devices to maintain minimum information security requirements. As legislation continues to develop, we will likely be required to expend significant additional resources to continue to modify or enhance our protective measures and internal processes to comply with such legislation. In addition, non-compliance with these laws or a significant breach of our third-party service providers' or vendors' or our own network security and systems could have serious negative consequences for our business and future prospects, including possible fines, penalties and damages, reduced customer demand for our generators and harm to our reputation and brand.

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

Our operations are and will be subject to international, federal, state and local environmental laws and regulations, including laws relating to the use, handling, storage, disposal of and human exposure to hazardous materials. Environmental and health and safety laws and regulations can be complex, and we have limited experience complying with them. Moreover, we expect that we will be affected by future amendments to such laws or other new environmental and health and safety laws and regulations which may require us to change our operations, potentially resulting in a material adverse effect on our business, prospects, financial condition and operating results. These laws can give rise to liability for administrative oversight costs, cleanup costs, property damage, bodily injury, fines and penalties. Capital and operating expenses needed to comply with environmental laws and regulations can be significant, and violations may result in substantial fines and penalties, third-party damages, suspension of production or a cessation of our operations.

Contamination at properties we will own or operate, we formerly owned or operated or to which hazardous substances were sent by us, may result in liability for us under environmental laws and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, which can impose liability for the full amount of remediation-related

costs without regard to fault, for the investigation and cleanup of contaminated soil and ground water, for building contamination and impacts to human health and for damages to natural resources. The costs of complying with environmental laws and regulations and any claims concerning noncompliance, or liability with respect to contamination in the future, could have a material adverse effect on our financial condition or operating results. We may face unexpected delays in obtaining the required permits and approvals in connection with our planned production facilities that could require significant time and financial resources and delay our ability to operate these facilities, which would adversely impact our business, prospects, financial condition and operating results.

Risks Related to Capital and Tax Matters

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

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

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

The production of key KARNØ generator parts at the scale we need to grow our business requires significant investment in modern additive printer technology as well as production facilities and other equipment needed to support printing and assembly operations. We intend to finance most of these capital investments through cash on hand, cash from operations, leases or through other forms of debt financing. The lease market for additive printer technology is immature and may not support the level of lease capital we need to grow our business. We cannot be certain that we can obtain lease or debt financing on favorable terms when required, or at all. If we cannot obtain equipment and other asset financing when we need it, our business prospects, financial condition and operating results could be materially adversely affected.

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

We have incurred losses during our history and do not expect to become profitable in the near future, and may never achieve profitability. To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire, if at all. As of December 31, 2024, we had U.S. federal net operating loss carryforwards of approximately \$346.2 million.

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

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

estimate as noted above, we have recorded a full valuation allowance related to our net operating loss carryforwards and other deferred tax assets due to the uncertainty of the ultimate realization of the future benefits of those assets.

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

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

Risks Related to Ownership of Our Securities

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

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

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

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

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

On November 2, 2023, we received notice from the New York Stock Exchange ("NYSE") that because the average per share closing price of our common stock (the "Common Stock") over a 30 consecutive trading-day period ended November 1, 2023 was below \$1.00, we were not in compliance with Section 802.01C of the NYSE's Listed Company Manual. On November 5, 2024, the Company voluntarily withdrew the principal listing of the Company's Common Stock from the NYSE and transferred the Company's Common Stock listing to the NYSE American stock exchange ("NYSE American"), effective as of November 11, 2024.

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

General Risks

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

Any product recall in the future, whether it involves us or a competitor's product, may result in negative publicity, damage our brand and materially adversely affect our business, prospects, financial condition and operating results. In the future, we may

voluntarily or involuntarily, initiate a recall if any of our products prove to be defective or noncompliant with applicable safety standards or other laws or regulations. Such recalls may involve significant expense and diversion of management attention and other resources, which could adversely affect our brand image, as well as our business, prospects, financial condition and operating results.

We are or may be subject to risks associated with acquisitions.

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

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

Risk Management and Strategy

Our cybersecurity risk management program leverages the National Institute of Standards and Technology (“NIST”) 800-37 framework as a foundation, customized to align with our entity size, risk profile, and industry best practices. We believe that leveraging the NIST framework as a foundation ensures a balanced approach for mitigating vulnerabilities while maintaining operational efficiency.

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

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

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

Identification, Assessment, and Reporting of Cybersecurity Threats

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

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

Third-Party Service Providers

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

Reporting

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

Management and Board of Director Oversight of Cybersecurity Threats

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

ITEM 2. PROPERTIES

Our headquarters are located in an approximately 152,000 square foot facility comprised of two buildings that we lease in Cedar Park, Texas, just north of Austin, Texas, where our administrative function is primarily located. Our lease of this facility expires in April 2027, and we have the option to extend the lease for two additional five-year terms. In February 2025 we subleased

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

ITEM 3. LEGAL PROCEEDINGS

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

Refer to Note 12 of the notes to the consolidated financial statements for further information on our legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Part II

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

Market Information

Our common stock is currently listed on the NYSE American LLC under the symbol “HYLN.”

Holders

As of February 20, 2025, there were 54 holders of record of our Common Stock. A greater number of holders of our common stock are “street name” or beneficial holders, whose shares are held by banks, brokers and other financial institutions.

Dividend Policy

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

Issuer Purchases of Equity Securities

The following table provides information regarding repurchases of our Common Stock during the quarter ended December 31, 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⁾
October 1 - 31, 2024	—	\$ —	10,610,070	\$ 6,144,349
November 1 - 30, 2024	—	\$ —	10,610,070	\$ 6,144,349
December 1 - 31, 2024	—	\$ —	10,610,070	\$ 6,144,349
Total	—		10,610,070	

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. Share purchases under this program have been paused.

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

ITEM 6. RESERVED

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this Form 10-K. Dollar amounts in this discussion are expressed in millions, except as otherwise noted. The following discussion contains forward-looking statements that reflect future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside of our control. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed elsewhere in this Form 10-K, particularly in Part I, Item 1A, Risk Factors. We do not undertake, and expressly disclaim, any obligation to publicly update any forward-looking statements, whether as a result of new information, new developments or otherwise, except to the extent that such disclosure is required by applicable law.

Key Factors Affecting Operating Results

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

Commercialization of KARNO Generator

Our focus is on continuing development and testing of our fuel-agnostic KARNO stationary generator and planning for the deployment of initial units with customers in 2025. 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 testing and validation, the pace at which we invest in generator additive printing capacity, our plans for manufacturing KARNO generator components (whether in-house or through outsourcing to third parties), the range of product offerings we plan to bring to market and external market factors beyond our control.

Key Components of Statements of Operations

Revenue

We historically generated revenues from sales of hybrid systems for Class 8 semi-trucks and limited quantities of Class 8 semi-trucks outfitted with the hybrid system. As a result of the discontinuation of the electrified powertrain systems business and the shift to focus on the development and commercialization of the Company's fuel-agnostic KARN0 generator technology, we anticipate generating revenue after commercialization of our KARN0 generator. Additionally, we generate revenue from R&D services under contracts with third-parties including the U.S. government.

Cost of Revenue

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

Research and Development Expense

R&D expenses consist primarily of costs incurred for the discovery and development of our KARN0 stationary generator, which include:

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

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

Selling, General and Administrative Expense

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

Exit and Termination Costs

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

Other Income (Expense)

Other income currently consists primarily of interest income earned on our investments. Since the acquisition of our KARN0 generator technology, we have continued to perform as a subcontractor on a contract with the ONR and recorded such amounts, net of costs incurred, as other income (expense). Beginning in the quarter ending December 31, 2024, we no longer record amounts received for the performance of R&D services as other income (expense) and now record such amounts received as revenue.

Results of Operations

Comparison of Years Ended December 31, 2024 and 2023

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

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
Revenues				
Product sales and other	\$ —	\$ 672	\$ (672)	(100.0)%
Research and development services	1,509	—	1,509	N/A
Total revenues	1,509	672	837	124.6 %
Cost of revenues				
Product sales and other	—	1,716	(1,716)	(100.0)%
Research and development services	1,415	—	1,415	N/A
Total cost of revenues	1,415	1,716	(301)	(17.5)%
Gross profit (loss)	94	(1,044)	1,138	(109.0)%
Operating expenses				
Research and development	37,004	82,240	(45,236)	(55.0)%
Selling, general and administrative	24,382	42,611	(18,229)	(42.8)%
Exit and termination costs	3,007	11,474	(8,467)	(73.8)%
Total operating expenses	64,393	136,325	(71,932)	(52.8)%
Loss from operations	(64,299)	(137,369)	73,070	(53.2)%
Interest income	12,216	13,808	(1,592)	(11.5)%
Gain on disposal of assets	3	1	2	200.0 %
Other income, net	32	50	(18)	(36.0)%
Net loss	<u>\$ (52,048)</u>	<u>\$ (123,510)</u>	<u>\$ 71,462</u>	<u>(57.9)%</u>
 Net loss per share, basic and diluted	 <u>\$ (0.30)</u>	 <u>\$ (0.68)</u>	 <u>\$ 0.38</u>	 <u>(55.9)%</u>
 Weighted-average shares outstanding, basic and diluted	 <u>174,915,487</u>	 <u>181,411,069</u>	 <u>(6,495,582)</u>	 <u>(3.6)%</u>

Revenue and Cost of Revenues

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

Revenue associated with our hybrid products decreased \$0.7 million and associated cost of revenues decreased \$1.7 million as a result of our strategic review and decision to discontinue our powertrain business.

Research and Development

R&D expenses decreased \$45.2 million due to:

- a decrease of \$63.6 million for the design and testing of our Hypertruck ERX system due to our strategic decision to wind down our powertrain business; offset by
- an increase of \$18.4 million for the design and testing of our KARNØ stationary generator.

Selling, General and Administrative

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

- a decrease of \$9.3 million in personnel and benefits;
- a decrease of \$3.7 million in professional services;
- a decrease of \$1.1 million in marketing; and
- a decrease of \$1.1 million in insurance.

Exit and Termination Costs

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

Interest Income

Interest income decreased \$1.6 million primarily due to the decline in our investment balance.

Cash Flows

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

	Year Ended December 31,	
	2024	2023
Cash from operating activities	\$ (56,738)	\$ (116,962)
Cash from investing activities	59,493	18,308
Cash from financing activities	(14,327)	(15)
	<u>\$ (11,572)</u>	<u>\$ (98,669)</u>

Cash from Operating Activities

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

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

Cash from Investing Activities

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

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

Cash from Financing Activities

For the year ended December 31, 2024, cash flows used in financing activities were \$14.3 million, primarily due to stock repurchases.

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

Liquidity and Capital Resources

At December 31, 2024, our current assets were \$131.0 million, consisting primarily of cash and cash equivalents of \$9.2 million, short-term investments of \$110.9 million, and prepaid expenses of \$6.4 million. Our current liabilities were \$14.3 million primarily comprised of accounts payable, accrued expenses and operating lease liabilities. We also had \$99.6 million of investments in longer-term liquid securities which we maintain to generate higher income on capital that we do not expect to spend in the next 12 months.

We believe the credit quality and liquidity of our investment portfolio at December 31, 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. Our primary short-term cash needs are costs associated with KARNØ generator development, building our initial deployment units and capital investments for additive printer acquisitions. Longer term, our capital needs will be determined by our go-to-market strategy as well as governmental R&D, which may include development of our own KARNØ generator manufacturing capacity or outsourcing this work to third parties or business partners. In December 2023, we announced an authorized share repurchase program to repurchase up to \$20 million of our outstanding common stock. We repurchased \$14.0 million in common stock during the year ended December 31, 2024 but have currently paused any additional repurchases under this program. Based on current projections of operating expenses, capital spending, working capital growth and historical share repurchases, we expect to have approximately \$160 million in cash, short-term and long-term investments remaining on our balance sheet at the end of 2025.

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

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

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

Contractual Obligations and Capital Resources

We manage our use of cash in the operation of our business to support the execution of our primary strategic goals including the design, development and sale of the KARN0 generator. We primarily use cash for R&D activities, capital investments and general and administrative costs.

Our cash requirements beyond twelve months include:

- Leases — Refer to Note 8 of the notes to the consolidated financial statements for further information of our obligations and the timing of expected payments.
- Purchase Commitments — Purchase obligations include non-cancelable purchase commitments related to materials purchase agreements and volume commitments which are entered into from time to time. As of December 31, 2024, there were no such non-cancelable purchase commitments. Refer to Note 2 of the notes to the consolidated financial statements for further information on our exit obligations and the timing of expected payments.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet date, as well as the reported expenses incurred during the reporting period. Management bases its estimates on historical experience and on various other assumptions believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates, and such differences could be material to our financial statements.

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

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

Revenue Recognition

The Company performs under three contracts as both a prime and subcontractor to the United States government to provide R&D services, primarily to research the suitability of its KARN0 generator for Navy ships and stationary power applications on a best effort cost-plus-fixed fee basis. The transaction price allocated to the remaining unsatisfied performance obligations under these contracts was up to \$15.7 million as of December 31, 2024, which is expected to be recognized in 2025 and 2026. There is a single research and development services performance obligation in each of these contracts that is measured over time as the services are performed. The Company generally invoices monthly which corresponds directly with the value to the customers of the performance completed to date, and recognizes revenue in the amount that it has a right to invoice. Payment is ordinarily due within 90 days of invoice submission.

Inventories

Through December 31, 2024, we have not yet commercialized the KARN0 generator. Costs incurred for components acquired prior to our determination of reaching a commercial stage are expensed as R&D costs, resulting in zero cost basis for those components. As a result, moving-average prices for inventory that is capitalized in future periods may be significantly affected

by those zero cost items. Inventory is consumed in the performance of R&D revenue contracts in the quarter in which it is purchased and we therefore do not record inventory at each reporting period pertaining to these contracts.

Disposals

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

Share-Based Compensation

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

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

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

Income Taxes

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

Deferred tax assets are regularly assessed to determine the likelihood they will be realized from future taxable income. A valuation allowance is established when we believe it is not more likely than not all or some of a deferred tax asset will be realized. In evaluating our ability to recover deferred tax assets within the jurisdiction in which they arise, we consider all available positive and negative evidence. Factors reviewed include the cumulative pre-tax book income for the past three years, scheduled reversals of deferred tax liabilities, our history of earnings and reliable forecasting, projections of pre-tax book income over the foreseeable future, and the impact of any feasible and prudent tax planning strategies. Due to cumulative losses over recent years and based on all available positive and negative evidence, we have determined that it is not more likely than not that our net deferred tax assets will be realizable as of December 31, 2024. We intend to continue maintaining a full valuation allowance on our deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. A release of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense or an income tax benefit for the period in which the release is recorded.

New and Recently Adopted Accounting Pronouncements

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

See *Recent Accounting Pronouncements* under Note 3 – Summary of Significant Accounting Policies in the notes to the 2024 consolidated financial statements for more information about recent accounting pronouncements, the timing of their adoption and our assessment, to the extent we have made one, of their potential impact on our financial condition and results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Hyliion Holdings Corp.

Opinion on the financial statements

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

Change in accounting principle

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

Basis for opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter

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

/s/ GRANT THORNTON LLP

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

Dallas, Texas

February 25, 2025

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

	December 31,	
	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 9,227	\$ 12,881
Accounts receivable, net	1,923	40
Prepaid expenses and other current assets	6,401	18,483
Short-term investments	110,918	150,297
Assets held for sale	2,563	—
Total current assets	131,032	181,701
Property and equipment, net	25,920	9,987
Operating lease right-of-use assets	5,431	7,070
Other assets	1,079	1,439
Long-term investments	99,584	128,186
Total assets	\$ 263,046	\$ 328,383
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 5,243	\$ 4,224
Current portion of operating lease liabilities	2,426	847
Accrued expenses and other current liabilities	6,622	10,051
Total current liabilities	14,291	15,122
Operating lease liabilities, net of current portion	4,366	6,792
Other liabilities	—	203
Total liabilities	18,657	22,117
Commitments and contingencies (Note 12)		
Stockholders' equity		
Common stock, \$0.0001 par value; 250,000,000 shares authorized; 184,428,472 and 183,071,317 shares issued as of December 31, 2024 and 2023, respectively; 173,818,402 and 183,034,255 shares outstanding as of December 31, 2024 and 2023, respectively	18	18
Additional paid-in capital	408,315	404,045
Treasury stock, at cost; 10,610,070 and 37,062 shares as of December 31, 2024 and 2023, respectively	(14,132)	(33)
Accumulated deficit	(149,812)	(97,764)
Total stockholders' equity	244,389	306,266
Total liabilities and stockholders' equity	\$ 263,046	\$ 328,383

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

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

	Year Ended December 31,	
	2024	2023
Revenues		
Product sales and other	\$ —	\$ 672
Research and development services	1,509	—
Total revenues	1,509	672
Cost of revenues		
Product sales and other	—	1,716
Research and development services	1,415	—
Total cost of revenues	1,415	1,716
Gross profit (loss)	94	(1,044)
Operating expenses		
Research and development	37,004	82,240
Selling, general and administrative	24,382	42,611
Exit and termination costs	3,007	11,474
Total operating expenses	64,393	136,325
Loss from operations	(64,299)	(137,369)
Interest income	12,216	13,808
Gain on disposal of assets	3	1
Other income, net	32	50
Net loss	<u>\$ (52,048)</u>	<u>\$ (123,510)</u>
Net loss per share, basic and diluted	<u>\$ (0.30)</u>	<u>\$ (0.68)</u>
Weighted-average shares outstanding, basic and diluted	<u>174,915,487</u>	<u>181,411,069</u>

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

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

	Common Stock		Treasury Stock		Additional Paid-In Capital	(Accumulated Deficit) Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
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	3,245,008	—	—	—	18	—	18
Share-based compensation	—	—	—	—	6,217	—	6,217
Repurchase of treasury stock	—	—	(37,062)	(33)	—	—	(33)
Net loss	—	—	—	—	—	(123,510)	(123,510)
Balance at December 31, 2023	183,071,317	18	(37,062)	(33)	404,045	(97,764)	306,266
Exercise of common stock options and vesting of restricted stock	1,357,155	—	—	—	(345)	—	(345)
Share-based compensation	—	—	—	—	4,615	—	4,615
Repurchase of treasury stock	—	—	(10,573,008)	(14,099)	—	—	(14,099)
Net loss	—	—	—	—	—	(52,048)	(52,048)
Balance at December 31, 2024	184,428,472	\$ 18	(10,610,070)	\$ (14,132)	\$ 408,315	\$ (149,812)	\$ 244,389

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

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

	Year Ended December 31,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (52,048)	\$ (123,510)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,147	3,511
Amortization and accretion of investments, net	(3,078)	(2,868)
Noncash lease expense	1,639	1,496
Inventory write-down	—	1,139
Gain on disposal of assets, including assets held for sale	(2,850)	(1)
Share-based compensation	4,615	6,217
Carrying value adjustment to assets held for sale	6,464	—
Change in operating assets and liabilities:		
Accounts receivable	(1,883)	1,096
Inventory	—	(1,065)
Prepaid expenses and other assets	(5,444)	463
Accounts payable	(2,865)	1,356
Accrued expenses and other liabilities	(3,588)	(3,020)
Operating lease liabilities	(847)	(1,776)
Net cash used in operating activities	(56,738)	(116,962)
Cash flows from investing activities		
Purchase of property and equipment	(16,525)	(7,401)
Proceeds from sale of property and equipment	5,385	2
Payments for security deposit	—	(45)
Purchase of investments	(96,253)	(189,670)
Proceeds from sale and maturity of investments	166,886	215,422
Net cash provided by investing activities	59,493	18,308
Cash flows from financing activities		
Proceeds from exercise of common stock options	67	257
Taxes paid related to net share settlement of equity awards	(412)	(239)
Repurchase of treasury stock	(13,982)	(33)
Net cash used in financing activities	(14,327)	(15)
Net decrease in cash and cash equivalents and restricted cash	(11,572)	(98,669)
Cash and cash equivalents and restricted cash, beginning of period	21,464	120,133
Cash and cash equivalents and restricted cash, end of period	<u>\$ 9,892</u>	<u>\$ 21,464</u>

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

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

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

Overview

Hyliion Holdings Corp. is a Delaware corporation headquartered in Cedar Park, Texas, that designs and develops power generators for stationary and mobile applications and provides research and development (“R&D”) services. 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.

Basis of Presentation and Principles of Consolidation

The accompanying 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 consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and in accordance with the rules and regulations of the United States Securities and Exchange Commission (“SEC”). Any reference in these footnotes to the applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification and Accounting Standards Updates (“ASU”) of the Financial Accounting Standards Board (“FASB”).

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

Note 2. Disposals

On November 7, 2023, the Board of the Company approved a strategic plan to wind down its powertrain business and preserve the related intellectual property (the “Plan”). As part of the Plan, the Company will continue to focus on commercialization of its KARNO generator technology. We have not accounted for the impacts of the Plan as a discontinued operation through December 31, 2024 as we have not abandoned or sold the underlying intellectual property and continue wind down activities. We expect to complete wind down activities in the fourth quarter of fiscal year 2025.

Total charges and expenses related to the Plan of \$3.0 million and \$11.5 million for the years ended December 31, 2024 and 2023, respectively, inclusive of recoveries from assets sold and charges to assets held for sale discussed below, are included in exit and termination costs in the consolidated statements of operations. The change in total liabilities associated with the Plan is included within accrued expenses and other current liabilities as presented in Note 10, and accounts payable, and is summarized as follows (in millions):

	December 31, 2023	Charged to Expense (Benefit)	Costs Paid or Settled	December 31, 2024
Employee severance and retention	\$ 1.1	\$ —	\$ (1.0)	\$ 0.1
Contract terminations	6.5	(0.8)	(5.1)	0.6
Warranty obligations	0.4	(0.3)	—	0.1
	<u>\$ 8.0</u>	<u>\$ (1.1)</u>	<u>\$ (6.1)</u>	<u>\$ 0.8</u>

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

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

Assets Held for Sale

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

We had assets held for sale of \$2.6 million and nil consisting of property and equipment in connection with the Plan at their fair value less costs to sell at December 31, 2024 and 2023, respectively. We used fair value hierarchy Level III inputs including comparable assets, adjusted for condition, and recorded charges of \$6.5 million and nil included in exit and termination costs in the consolidated statements of operations for the years ended December 31, 2024 and 2023, respectively. The estimates of fair value less costs to sell are subject to a number of assumptions and actual amounts may differ materially from estimates.

We recorded net benefits for recoveries related to asset sales of \$2.8 million and nil included in exit and termination costs in the consolidated statements of operations for the years ended December 31, 2024 and 2023, respectively and included in gain on disposal of assets in the consolidated statements of cash flows for the years ended December 31, 2024 and 2023, respectively.

Note 3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the balance sheet date, as well as reported amounts of expenses during the reporting period. The Company's most significant estimates and judgments involve revenue, assets held for sale, 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 consolidated financial statements.

Segment Information

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

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

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

Concentration of Supplier Risk

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

Cash and Cash Equivalents

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

Restricted Cash

The Company provided a supplier with a letter of credit for \$7.9 million in the fourth quarter of 2023 to secure the performance of the Company, backed by a restricted cash deposit to pay any draws on the letter of credit by the supplier. The Company was released from this letter of credit in the first quarter of 2024.

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

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

	December 31, 2024	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 9,227	\$ 12,881	\$ 119,468
Restricted cash included in prepaid expenses and other current assets	—	7,918	—
Restricted cash included in other assets	665	665	665
	<u>\$ 9,892</u>	<u>\$ 21,464</u>	<u>\$ 120,133</u>

Accounts Receivable

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

Investments

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

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

Fair Value Measurements

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

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

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

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

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

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

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

Inventories

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

Prepaid Expenses and Other Current Assets

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

Property and Equipment, Net

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

Production machinery and equipment	2 to 12 years
Vehicles	3 to 7 years
Leasehold improvements	shorter of lease term or 7 years
Furniture and fixtures	3 years
Computers and related equipment	3 to 7 years

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

Impairment of Long-Lived Assets

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

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.

Product Sales

The Company has 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. We recognized revenue on Hybrid system sales and Class 8 semi-trucks

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

U.S. Government Contracts

The Company was performing under two contracts as both a prime and subcontractor to the United States government to provide R&D services. The larger of these two contracts was modified and accounted for as a new contract in the quarter ending December 31, 2024. These contracts were not accounted for as revenue prior to September 30, 2024 as they were not in the ordinary course of business and the counterparties were not customers under GAAP. In September 2024, the Company was awarded a best effort cost-plus-fixed fee contract up to \$16.0 million by the United States Department of the Navy's Office of Naval Research ("ONR") to research the suitability of its KARNO generator for Navy ships and stationary power applications. Under the agreement, the Company will provide R&D services through September 2026, including delivery of up to seven KARNO generators. The ONR contract represented a significant change in business strategy toward providing R&D activities in the ordinary course of business in addition to developing power generators for stationary and mobile applications. The Company now accounts for all three contracts under ASC 606 beginning in the quarter ending December 31, 2024. The remaining amounts of revenue that we may recognize under these contracts was up to \$15.7 million as of December 31, 2024, which is expected to be recognized in 2025 and 2026.

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

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

	Year Ended December 31,	
	2024	2023
Customer A	88 %	— %
Customer B	12	—
Customer C	—	65
Customer D	—	25
	<u>100 %</u>	<u>90 %</u>

Leases

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

ROU assets represent the Company's right to use underlying assets for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the leases. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The discount rate used to calculate the present value for

lease payments is the Company's incremental borrowing rate, which is determined based on information available at lease commencement and is equal to the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term in an amount equal to the lease payments in a similar economic environment. The Company uses the implicit rate when readily determinable.

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

Marketing, Promotional and Advertising Costs

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

Research and Development Expense

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

Share-Based Compensation

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

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

Income Taxes

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

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

Net Loss Per Share

Basic loss per share (“EPS”) is computed by dividing net loss (the numerator) by the weighted average number of common shares outstanding for the period (the denominator). Diluted EPS attributable to common shareholders is computed by adjusting net loss by the weighted average number of common shares and potential common shares outstanding (if dilutive) during each period. Potential common shares include shares issuable upon exercise of stock options and vesting of restricted stock awards (see Note 7). The number of potential common shares outstanding are calculated using the treasury stock or if-converted method.

Recent Accounting Pronouncements

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

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

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, to improve the disclosures about a public entity’s reportable segments. The pronouncement is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company adopted ASU 2023-07 for the year ended December 31, 2024 and updated its related disclosures.

Note 4. Investments

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

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

	Amortized Cost	Fair Value Measurements at December 31, 2023		
		Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper	\$ 35,218	\$ 18	\$ (10)	\$ 35,226
U.S. government agency bonds	27,602	56	(186)	27,472
State and municipal bonds	15,262	1	(48)	15,215
Corporate bonds and notes	200,401	515	(255)	200,661
	<u>\$ 278,483</u>	<u>\$ 590</u>	<u>\$ (499)</u>	<u>\$ 278,574</u>

	December 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	\$ 110,918	\$ 111,170	\$ 150,297	\$ 149,934
Due after one year through five years	99,584	99,514	128,186	128,640
	<u>\$ 210,502</u>	<u>\$ 210,684</u>	<u>\$ 278,483</u>	<u>\$ 278,574</u>

Note 5. Fair Value Measurements

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

	Fair Value Measurements at December 31, 2024			
	Level I	Level II	Level III	Total
Cash and cash equivalents	\$ 9,227	\$ —	\$ —	\$ 9,227
Restricted cash	665	—	—	665
Held-to-maturity investments:				
Commercial paper	—	982	—	982
U.S. government agency bonds	—	17,442	—	17,442
State and municipal bonds	—	10,934	—	10,934
Corporate bonds and notes	—	181,326	—	181,326
	<u>\$ 9,892</u>	<u>\$ 210,684</u>	<u>\$ —</u>	<u>\$ 220,576</u>

	Fair Value Measurements at December 31, 2023			
	Level I	Level II	Level III	Total
Cash and cash equivalents	\$ 12,881	\$ —	\$ —	\$ 12,881
Restricted cash	8,583	—	—	8,583
Held-to-maturity investments:				
Commercial paper	—	35,226	—	35,226
U.S. government agency bonds	—	27,472	—	27,472
State and municipal bonds	—	15,215	—	15,215
Corporate bonds and notes	—	200,661	—	200,661
	<u>\$ 21,464</u>	<u>\$ 278,574</u>	<u>\$ —</u>	<u>\$ 300,038</u>

Note 6. Capital Structure

Preferred Stock

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

Common Stock

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

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

Treasury Stock

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

Note 7. Share-Based Compensation

2024 Equity Incentive Plan

On May 21, 2024, the Company’s shareholders approved a new long-term incentive award plan (the “2024 Plan”). The 2024 Plan is administered by the Board and the compensation committee. The selection of participants, allotment of shares, determination of price and other conditions are approved by the Board and the compensation committee at its sole discretion in order to attract and retain personnel instrumental to the success of the Company. Under the 2024 Plan, the Company may grant awards covering up to 8,000,000 shares of common stock, plus the amount of authorized but unissued shares under the 2020 Plan, the number of shares relating to awards under the 2020 Plan that are cancelled, lapsed, or are forfeited, and the number of shares withheld to satisfy a holder’s tax obligations. Grants under the 2024 Plan may be in the form of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards, and other awards to our employees, directors, and consultants. No stock options have been granted under the 2024 Plan.

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

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

	Number of Units	Weighted Average Grant Date Fair Value (in Dollars)
Unvested at December 31, 2023	—	\$ —
Granted	232,176	1.81
Unvested at December 31, 2024	232,176	\$ 1.81

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

2020 Equity Incentive Plan

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

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

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

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

	Number of Units	Weighted Average Grant Date Fair Value (in \$)
Unvested at December 31, 2022¹	2,769,100	\$ 5.51
Granted ²	2,192,900	2.57
Vested	(1,350,172)	5.28
Forfeited ³	(860,505)	4.53
Unvested at December 31, 2023⁴	2,751,323	3.59
Granted	5,878,591	1.05
Vested	(1,267,658)	3.87
Forfeited	(1,271,811)	2.61
Unvested at December 31, 2024	6,090,445	\$ 1.28

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

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

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

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

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

2016 Equity Incentive Plan

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

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

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

	Number of Options	Weighted Average Exercise Price (in Dollars)	Weighted Average Remaining Contractual Term
Outstanding at December 31, 2022	2,541,439	\$ 0.15	3.7 years
Exercised	(1,936,018)	0.13	
Forfeited	(82,450)	0.22	
Outstanding at December 31, 2023	522,971	0.20	4.3 years
Exercised	(325,175)	0.21	
Forfeited	(9,567)	0.23	
Outstanding at December 31, 2024	188,229	\$ 0.20	4.7 years
Exercisable at December 31, 2024	188,229	\$ 0.20	4.7 years

At December 31, 2024, the options outstanding and exercisable had an intrinsic value of \$0.5 million and \$0.3 million, respectively. There were no options with an exercise price greater than the market price on December 31, 2024 to exclude from the intrinsic value computation. The intrinsic value of options exercised during the years ended December 31, 2024 and 2023 was \$0.4 million and \$2.4 million, respectively. Share-based compensation expense under the 2016 Plan for the years ended December 31, 2024 and 2023 was nil and there was no unrecognized compensation expense related the 2016 Plan at December 31, 2024.

Employee Stock Purchase Plan

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

Note 8. Leases

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

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

The Company’s corporate office lease has a term through 2027 and includes the option to extend the term for up to two consecutive terms of five years, which was not reasonably certain to be exercised at the commencement date.

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

	Year Ended December 31,	
	2024	2023
Operating lease costs:		
Operating lease cost	\$ 2,476	\$ 2,239
Short-term lease cost	42	508
Variable lease cost	658	682
Total operating lease costs	\$ 3,176	\$ 3,429

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

	December 31,	
	2024	2023
Weighted-average remaining lease term:		
Operating leases	2.6 years	3.6 years
Weighted-average discount rate:		
Operating leases	8.6 %	8.7 %

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

2025	\$	2,900
2026		2,988
2027		1,426
2028		306
2029		—
Thereafter		—
Total minimum lease payments		7,620
Less: imputed interest		(828)
Total lease obligations	\$	6,792

Note 9. Property and Equipment, Net

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

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

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

Note 10. Accrued Expenses and Other Current Liabilities

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

	December 31,	
	2024	2023
Accrued professional services and other	\$ 1,823	\$ 2,606
Accrued compensation and related benefits	3,280	1,510
Other accrued liabilities	746	1,922
Accrued severance, contract termination, and other charges	773	4,013
	<u>\$ 6,622</u>	<u>\$ 10,051</u>

Note 11. Income Taxes

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

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

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

	December 31,	
	2024	2023
Deferred tax assets:		
Federal net operating loss carryforwards	\$ 72,697	\$ 62,561
State net operating loss carryforwards	491	491
Operating lease obligation	1,426	1,604
Section 174 expenditures	28,445	26,444
R&D tax credit	4,714	4,714
Other	1,676	3,235
Intangible assets, net	5,159	5,522
Total deferred tax assets	114,608	104,571
Less: valuation allowance	(113,296)	(102,803)
Deferred tax assets, net of valuation allowance	1,312	1,768
Deferred tax liabilities:		
Operating lease right of use asset, net	1,140	1,485
Property and equipment, net	172	283
Total deferred tax liabilities	1,312	1,768
Net deferred tax assets	<u>\$ —</u>	<u>\$ —</u>

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

	Year Ended December 31,	
	2024	2023
Provision at statutory rate of 21%	\$ (10,930)	\$ (25,937)
Other	437	609
Change in valuation allowance	10,493	25,328
	<u>\$ —</u>	<u>\$ —</u>

In assessing the realizability of deferred tax assets, management considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considered the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will not realize the benefits of these deductible differences at December 31, 2024.

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

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

Note 12. 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 has received payments to date of \$0.4 million which are refundable as applicable performance requirements were not met and are included within accrued expenses and other current liabilities as of December 31, 2024. Under the agreement, the EDC has the right to file a security interest to all assets of the Company.

Legal Proceedings

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

Note 13. Net Loss Per Share

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

	Year Ended December 31,	
	2024	2023
Numerator:		
Net loss attributable to common stockholders	\$ (52,048)	\$ (123,510)
Denominator:		
Weighted average shares outstanding, basic and diluted	174,915,487	181,411,069
Net loss per share, basic and diluted	\$ (0.30)	\$ (0.68)

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

	Year Ended December 31,	
	2024	2023
Unexercised stock options	188,229	522,971
Unvested restricted stock units	6,322,621	3,385,073
	6,510,850	3,908,044

Note 14. Supplemental Cash Flow Information

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

	Year Ended December 31,	
	2024	2023
Cash paid for interest	\$ —	\$ —
Cash paid for taxes	\$ —	\$ —
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases, net	\$ (1,687)	\$ (2,470)
Right-of-use assets obtained in exchange for lease obligations	\$ —	\$ 2,096
	Year Ended December 31,	
	2024	2023
Supplemental disclosure of noncash investing and financing activities:		
Repurchase of treasury stock included in accrued expenses and other current liabilities	\$ 117	\$ —
Acquisitions of property and equipment and intangible assets included in accounts payable and accrued expenses and other current liabilities	\$ 3,884	\$ 292

Note 15. Retirement Plan

The Company has adopted a 401(k) plan to provide all eligible employees a means to accumulate retirement savings on a tax-advantaged or post-tax basis. The 401(k) plan eligibility conditions require participants are at least 21 years old to participate. Eligibility entry date is the first of the month following date of hire, or the first of the month following the date the employee turns 21 years old. Plan participants may make elective contributions up to the maximum percentage of compensation and dollar amount allowed under the Internal Revenue Code and are always 100% vested in their elective contributions. The Company has also established a Profit Sharing plan in which the employer may make contributions on the employee's behalf ("discretionary employer contributions"). The Company did not make any Profit Sharing contributions during the years ended December 31, 2024 and 2023.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Management's Report on Internal Control over Financial Reporting

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

Changes in Internal Control over Financial Reporting

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

Limitations on Controls

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

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURES REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

ITEM 11. EXECUTIVE COMPENSATION

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

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

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

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

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

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

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

Part IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

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

(b) Exhibits

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

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

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10.5†	<u>Hyliion Holdings Corp. 2020 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on October 7, 2020).</u>
10.5(a)†	<u>Hyliion 2020 Equity Incentive Plan, Form of Stock Option Agreement (incorporated by reference to Exhibit 99.3 to the Company's Registration Statement on Form S-8 (File No. 333-251328) filed with the SEC on December 14, 2020).</u>
10.5(b)†	<u>Hyliion 2020 Equity Incentive Plan, Form of RSU Award Agreement (incorporated by reference to Exhibit 99.4 to the Company's Registration Statement on Form S-8 (File No. 333-251328) filed with the SEC on December 14, 2020).</u>
10.5(c)†	<u>Hyliion 2020 Equity Incentive Plan, Form of PRSU Award Agreement (incorporated by reference to Exhibit 10.5(c) to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 24, 2022).</u>
10.6+	<u>First Amendment to Industrial Lease, dated December 1, 2020, by and between IGX Brushy Creek, LLC and Hyliion Inc. (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 24, 2022).</u>
10.7+	<u>Second Amendment to Industrial Lease, dated June 2, 2021, by and between IGX Brushy Creek, LLC and Hyliion Inc. (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 24, 2022).</u>
10.8+	<u>Third Amendment to Industrial Lease, dated December 17, 2021, by and between IGX Brushy Creek, LLC and Hyliion Inc. (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 24, 2022).</u>
10.9	<u>Fourth Amendment to Industrial Lease, dated November 14, 2023, by and between GSNTR ATX 1200 BMC DRIVE OWNER LP, GSNTR ATX 1202 BMC DRIVE OWNER LP, and Hyliion Inc. (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K (file No. 001-38823) filed with the SEC on February 13, 2024).</u>
10.10*	<u>Fifth Amendment to Industrial Lease, dated May 28, 2024, by and between GSNTR ATX 1200 BMC Drive Owner LP, GSNTR ATX 1202 BMC Drive Owner LP, and Hyliion Inc.</u>
10.11	<u>Hyliion Holdings Corp. Executive Severance Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-38823) filed with the SEC on May 9, 2023).</u>
10.12	<u>Form of Change in Control Agreement (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 001-38823) filed with the SEC on May 9, 2023).</u>
10.13+	<u>Lease Agreement, dated May 10, 2023, by and between MELINK PROPERTIES LLC and Hyliion Inc. (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 13, 2024).</u>
14.1	<u>Code of Business Conduct and Ethics, dated September 27, 2022 (Incorporated by reference to Exhibit 14.1 of the Company's Annual Report on Form 10-K (File No. 001-38823) filed with the SEC on February 28, 2023).</u>
19.1*	<u>Hyliion Holdings Corp. Insider Trading Policy</u>
21.1*	<u>List of Subsidiaries.</u>
23.1*	<u>Consent of Grant Thornton Independent Registered Public Accounting Firm.</u>
31.1*	<u>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.</u>
31.2*	<u>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.</u>
32.1*	<u>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.</u>
32.2*	<u>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.</u>
97.1	<u>Hyliion Holdings Corp. Amended and Restated Clawback Policy (incorporated by reference to Exhibit 97.1 to the Company's Annual Report on Form 10-K (File No. 001-38823), filed with the SEC on February 13, 2024).</u>
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Definition Linkbase Document

101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL)

* Filed herewith.

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

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

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

HYLIION HOLDINGS CORP.

Date: February 25, 2025

By: /s/ Thomas Healy

Thomas Healy

Chief Executive Officer

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

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

