

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

FORM 10-Q

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

For the quarterly period ended September 30, 2022

OR

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

For the transition period from _____ to _____

Commission File No. 001-38823

HYLIION HOLDINGS CORP.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

83-2538002

(State or Other Jurisdiction
of Incorporation)

(IRS Employer
Identification No.)

1202 BMC Drive, Suite 100,
Cedar Park, TX

78613

(Address of Principal Executive Offices)

(Zip Code)

(833) 495-4466

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

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

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

As of November 1, 2022, 179,714,124 shares of common stock, par value \$0.0001 per share, were issued and outstanding.

HYLIION HOLDINGS CORP.
FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2022
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2022 (Unaudited)	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 154,161	\$ 258,445
Accounts receivable	894	70
Inventory	140	114
Prepaid expenses and other current assets	5,876	9,068
Short-term investments	232,917	118,787
Total current assets	393,988	386,484
Property and equipment, net	5,772	2,235
Operating lease right-of-use assets	6,792	7,734
Intangible assets, net	195	235
Other assets	1,730	1,535
Long-term investments	68,422	180,217
Total assets	\$ 476,899	\$ 578,440
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 2,279	\$ 7,455
Current portion of operating lease liabilities	325	21
Accrued expenses and other current liabilities	14,168	7,759
Total current liabilities	16,772	15,235
Operating lease liabilities, net of current portion	7,399	8,623
Other liabilities	1,492	667
Total liabilities	25,663	24,525
Commitments and contingencies (Note 11)		
Stockholders' equity		
Common stock, \$0.0001 par value; 250,000,000 shares authorized; 179,645,873 and 173,468,979 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	18	17
Additional paid-in capital	396,085	374,795
Retained earnings	55,133	179,103
Total stockholders' equity	451,236	553,915
Total liabilities and stockholders' equity	\$ 476,899	\$ 578,440

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenues				
Product sales and other	\$ 499	\$ —	\$ 1,011	\$ —
Total revenues	499	—	1,011	—
Cost of revenues				
Product sales and other	2,916	—	7,160	—
Total cost of revenues	2,916	—	7,160	—
Gross loss	(2,417)	—	(6,149)	—
Operating expenses				
Research and development	(52,678)	(18,150)	(88,543)	(40,871)
Selling, general and administrative	(10,264)	(8,660)	(32,255)	(26,111)
Total operating expenses	(62,942)	(26,810)	(120,798)	(66,982)
Loss from operations	(65,359)	(26,810)	(126,947)	(66,982)
Interest income	1,926	195	3,066	561
Gain (Loss) on disposal of assets	46	—	(89)	—
Net loss	<u>\$ (63,387)</u>	<u>\$ (26,615)</u>	<u>\$ (123,970)</u>	<u>\$ (66,421)</u>
Net loss per share, basic and diluted	<u>\$ (0.36)</u>	<u>\$ (0.15)</u>	<u>\$ (0.71)</u>	<u>\$ (0.39)</u>
Weighted-average shares outstanding, basic and diluted	<u>174,345,022</u>	<u>172,987,672</u>	<u>173,945,156</u>	<u>171,842,664</u>

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

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

Nine Months Ended September 30, 2022					
	Common Stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2021	173,468,979	\$ 17	\$ 374,795	\$ 179,103	\$ 553,915
Exercise of common stock options and vesting of restricted stock units, net	336,155	—	(92)	—	(92)
Share-based compensation	—	—	1,563	—	1,563
Net loss	—	—	—	(27,108)	(27,108)
Balance at March 31, 2022	173,805,134	17	376,266	151,995	528,278
Exercise of common stock options and vesting of restricted stock units, net	193,834	—	15	—	15
Share-based compensation	—	—	1,922	—	1,922
Net loss	—	—	—	(33,475)	(33,475)
Balance at June 30, 2022	173,998,968	17	378,203	118,520	496,740
Issuance of common stock for acquisition	5,500,000	1	16,114	—	16,115
Exercise of common stock options and vesting of restricted stock units, net	146,905	—	(15)	—	(15)
Share-based compensation	—	—	1,783	—	1,783
Net loss	—	—	—	(63,387)	(63,387)
Balance at September 30, 2022	179,645,873	\$ 18	\$ 396,085	\$ 55,133	\$ 451,236

Nine Months Ended September 30, 2021					
	Common Stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2020	169,316,421	\$ 19	\$ 364,998	\$ 275,151	\$ 640,168
Common stock issued for warrants exercised, net of issuance costs	371,535	—	4,282	—	4,282
Exercise of common stock options and vesting of restricted stock units, net	1,831,855	—	287	—	287
Share-based compensation	—	—	1,510	—	1,510
Net loss	—	—	—	(16,562)	(16,562)
Balance at March 31, 2021	171,519,811	19	371,077	258,589	629,685
Exercise of common stock options and vesting of restricted stock units, net	1,278,527	1	215	—	216
Share-based compensation	—	—	1,917	—	1,917
Net loss	—	—	—	(23,244)	(23,244)
Balance at June 30, 2021	172,798,338	20	373,209	235,345	608,574
Exercise of common stock options and vesting of restricted stock units, net	322,650	—	50	—	50
Share-based compensation	—	—	545	—	545
Net loss	—	—	—	(26,615)	(26,615)
Balance at September 30, 2021	173,120,988	\$ 20	\$ 373,804	\$ 208,730	\$ 582,554

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

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

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities		
Net loss	\$ (123,970)	\$ (66,421)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	823	657
Amortization and accretion of investments	1,300	1,318
Noncash lease expense	922	720
Inventory write-down	5,634	—
Loss on disposal of assets	89	—
Share-based compensation	5,268	3,972
Acquired in-process research and development (Note 3)	28,752	—
Changes in operating assets and liabilities:		
Accounts receivable	(824)	(267)
Inventory	(5,660)	—
Prepaid expenses and other assets	3,097	3,646
Accounts payable	(5,201)	5,617
Accrued expenses and other liabilities	7,228	1,309
Operating lease liabilities	(900)	(373)
Net cash used in operating activities	(83,442)	(49,822)
Cash flows from investing activities		
Purchase of property and equipment and other	(2,621)	(2,213)
Proceeds from sale of property and equipment	33	—
Purchase of in-process research and development	(14,428)	—
Payments for security deposit, net	—	(29)
Purchase of investments	(160,116)	(268,714)
Proceeds from sale and maturity of investments	156,382	205,355
Net cash used in investing activities	(20,750)	(65,601)
Cash flows from financing activities		
Proceeds from exercise of stock warrants, net of issuance costs	—	16,257
Payments for Paycheck Protection Program loan	—	(908)
Proceeds from exercise of common stock options	65	553
Taxes paid related to net share settlement of equity awards	(157)	—
Net cash (used in) provided by financing activities	(92)	15,902
Net decrease in cash and cash equivalents and restricted cash	(104,284)	(99,521)
Cash and cash equivalents and restricted cash, beginning of period	259,110	389,705
Cash and cash equivalents and restricted cash, end of period	\$ 154,826	\$ 290,184
Supplemental disclosure of noncash investing and financing activities:		
Common stock issued for purchase of assets	\$ 16,115	\$ —
Acquisitions of property and equipment included in accounts payable and other	\$ 66	\$ 20

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

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

Note 1. Overview

Hyliion Holdings Corp. is a Delaware corporation headquartered in Cedar Park, Texas. 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 designs and develops hybrid and fully electric powertrain systems for Class 8 semi-trucks which modify semi-tractors into hybrid and range-extending electric vehicles, respectively. The Company’s hybrid system utilizes intelligent electric drive axles with advanced algorithms and battery technology to optimize vehicle performance, enabling fleets to access an easy, efficient way to decrease fuel expenses, lower emissions and/or improve vehicle performance (“Hybrid”). The Hypertruck ERX™ system utilizes an intelligent electric powertrain with advanced algorithms to optimize emissions performance and efficiency with no new infrastructure required. The Hypertruck ERX system enables fleets to reduce the cost of ownership while providing the ability to deliver net-negative carbon emissions and operate fully electric when needed. The Company recently launched its commercial Hybrid system, and the Hypertruck ERX system is in the design verification phase. The Company recently acquired new fuel agnostic capable generator technology with which it plans to develop and commercialize the Hypertruck KARNO.

Note 2. Summary of Significant Accounting Policies***Basis of Presentation***

These condensed consolidated statements include the accounts of the Company and have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”), which permit reduced disclosure for interim periods. All intercompany transactions and balances have been eliminated upon consolidation. The condensed consolidated balance sheet at December 31, 2021 was derived from audited financial statements for the fiscal year then ended, but does not include all necessary disclosures required with respect to annual financial statements. In the opinion of the Company, these condensed consolidated financial statements include all recurring adjustments and normal accruals necessary for a fair presentation of the Company’s financial position, results of operations and cash flows for the dates and periods presented. These condensed consolidated financial statements and accompanying notes should be read in conjunction with the Company’s 2021 Annual Report. Results for interim periods are not necessarily indicative of the results to be expected for a full fiscal year or for any future period.

These condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The Company is an early-stage growth company and has generated negative cash flows from operating activities since inception. At September 30, 2022, the Company had total equity of \$451.2 million, inclusive of cash and cash equivalents of \$154.2 million and investments of \$301.3 million. Based on this, the Company has sufficient funds to continue to execute its business strategy for the next twelve months.

Use of Estimates and Uncertainty of the Coronavirus Pandemic

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

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

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 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 presented in the condensed consolidated statements of cash flows is summarized as follows:

	September 30, 2022	December 31, 2021	September 30, 2021	December 31, 2020
Cash and cash equivalents	\$ 154,161	\$ 258,445	\$ 289,486	\$ 389,705
Restricted cash included in other non-current assets	665	665	698	—
	<u>\$ 154,826</u>	<u>\$ 259,110</u>	<u>\$ 290,184</u>	<u>\$ 389,705</u>

Accounts Receivable

Accounts receivable are stated at gross invoice amount, net of an allowance for doubtful accounts. The allowance for doubtful accounts is maintained at a level considered adequate to provide for potential account losses on the balance based on the Company's evaluation of the anticipated impact of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. At September 30, 2022 and December 31, 2021, accounts receivable included amounts receivable from customers of \$0.6 million and \$45.0 thousand, respectively. At September 30, 2022 and December 31, 2021, there was no allowance for doubtful accounts required based on the Company's evaluation.

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 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 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 for which the carrying value approximates fair value, exclusive of any interim unrealized gains or losses, because of the short-term nature of the instruments. The fair values of investments are 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.

Revenue

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

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognize revenue when (or as) a performance obligation is satisfied.

Revenue is comprised of sales of Hybrid systems for Class 8 semi-trucks, Class 8 semi-trucks outfitted with Hybrid systems and specific other features and services that meet the definition of a performance obligation, including internet connectivity and data processing. We provide installation services for the Hybrid system onto the customers' vehicle. The Company's products are marketed and sold to end-user fleet customers in North America. When our contracts with customers contain multiple performance obligations and where material, the contract transaction price is allocated on a relative standalone selling price basis to each performance obligation. There is no meaningful basis on which to disaggregate revenue in the current period.

We recognize revenue on Hybrid system sales and Class 8 semi-trucks outfitted with Hybrid systems upon delivery and acceptance of the vehicle to the customer, which is when control transfers. Contracts are reviewed for significant financing components and payments are typically received within 30 days of delivery. The sale of a Hybrid system to an end-use fleet customer consists of a completed modification to the customer vehicle and the installation services involve significant integration of the Hybrid system with the customer's vehicle. Installation services are not distinct within the context of the contract and together with the sale of the Hybrid system represent a single performance obligation. We do not offer any sales returns. Amounts billed to customers related to shipping and handling are classified as revenue, and we have elected to recognize the cost for freight and shipping when control has transferred to the customer as a cost of revenue. Our policy is to exclude taxes collected from customers from the transaction price of contracts. In the fourth quarter of fiscal 2021, we began taking deposits to secure future Hypertruck ERX production slots.

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

The disaggregation of our revenue sources for the three and nine months ended September 30, 2022 and 2021 is summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Hybrid systems and other	\$ 243	\$ —	\$ 755	\$ —
Class 8 semi-truck prepared for Hybrid system upfit	256	—	256	—
Total product sales and other	<u>\$ 499</u>	<u>\$ —</u>	<u>\$ 1,011</u>	<u>\$ —</u>

Warranties

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

Note 3. Acquisition

In September 2022, we acquired certain assets (the "Acquired Assets") of General Electric Company's GE Additive business (the "Acquisition"). The Acquired Assets include new hydrogen and fuel agnostic capable generator technology ("KARNO"). The Acquisition did not meet the definition of a business combination and was accounted for as an asset acquisition. No goodwill was recognized and payments allocated to in-process research and development ("IPR&D") were recorded in research and development expense as there was no alternative future use. Total consideration for the Acquisition was \$32.3 million comprised of \$15.0 million in cash, 5,500,000 shares of common stock valued at \$16.1 million on the closing date and \$1.2 million in direct transaction costs. \$3.6 million was recorded as property and equipment with expected useful lives of primarily five years and \$28.8 million was recorded as research and development expense. All assets were valued using level 3 inputs, with property and equipment valued using a market approach and IPR&D valued using an income approach based on Company management's projections. The cash component of the consideration was recorded in the statement of cash flows and allocated between purchase of property and equipment and purchase of IPR&D under investing activities.

Note 4. Investments

The amortized cost, unrealized gains and losses, fair value and maturities of our held-to-maturity investments at September 30, 2022 and December 31, 2021 are summarized as follows:

	Amortized Cost	Fair Value Measurements at September 30, 2022		
		Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper	\$ 80,215	\$ —	\$ (290)	\$ 79,925
U.S. government agency bonds	4,450	—	(315)	4,135
State and municipal bonds	30,485	—	(756)	29,729
Corporate bonds and notes	186,189	—	(4,016)	182,173
	<u>\$ 301,339</u>	<u>\$ —</u>	<u>\$ (5,377)</u>	<u>\$ 295,962</u>

	Amortized Cost	Fair Value Measurements at December 31, 2021		
		Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper	\$ 73,908	\$ 2	\$ (31)	\$ 73,879
U.S. government agency bonds	4,450	—	(7)	4,443
State and municipal bonds	17,797	—	(115)	17,682
Corporate bonds and notes	202,849	3	(953)	201,899
	<u>\$ 299,004</u>	<u>\$ 5</u>	<u>\$ (1,106)</u>	<u>\$ 297,903</u>

	September 30, 2022		December 31, 2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	\$ 232,917	\$ 229,943	\$ 118,787	\$ 118,714
Due after one year through five years	68,422	66,019	180,217	179,189
	<u>\$ 301,339</u>	<u>\$ 295,962</u>	<u>\$ 299,004</u>	<u>\$ 297,903</u>

Note 5. Fair Value Measurements

The fair value measurements of our financial assets at September 30, 2022 and December 31, 2021 are summarized as follows:

	Fair Value Measurements at September 30, 2022			
	Level I	Level II	Level III	Total
Cash and cash equivalents	\$ 154,161	\$ —	\$ —	\$ 154,161
Restricted cash	665	—	—	665
Held-to-maturity investments:				
Commercial paper	—	79,925	—	79,925
U.S. government agency bonds	—	4,135	—	4,135
State and municipal bonds	—	29,729	—	29,729
Corporate bonds and notes	—	182,173	—	182,173
	<u>\$ 154,826</u>	<u>\$ 295,962</u>	<u>\$ —</u>	<u>\$ 450,788</u>

Fair Value Measurements at December 31, 2021				
	Level I	Level II	Level III	Total
Cash and cash equivalents	\$ 258,445	\$ —	\$ —	\$ 258,445
Restricted cash	665	—	—	665
Held-to-maturity investments:				
Commercial paper	—	73,879	—	73,879
U.S. government agency bonds	—	4,443	—	4,443
State and municipal bonds	—	17,682	—	17,682
Corporate bonds and notes	—	201,899	—	201,899
	<u>\$ 259,110</u>	<u>\$ 297,903</u>	<u>\$ —</u>	<u>\$ 557,013</u>

Note 6. Inventory

The carrying value of our inventory at September 30, 2022 and December 31, 2021 is summarized as follows:

	September 30, 2022	December 31, 2021
Raw materials	\$ —	\$ —
Work in process	5	4
Finished goods	135	110
	<u>\$ 140</u>	<u>\$ 114</u>

During the three and nine months ended September 30, 2022, we recorded inventory write-downs of \$2.3 million and \$5.6 million, respectively. During the three and nine months ended September 30, 2021, we recorded no inventory write-downs. These write-downs are included in cost of revenues.

Note 7. Property and Equipment, Net

Property and equipment, net at September 30, 2022 and December 31, 2021 is summarized as follows:

	September 30, 2022	December 31, 2021
Production machinery and equipment	\$ 5,684	\$ 1,717
Vehicles	932	720
Leasehold improvements	1,037	1,077
Office furniture and fixtures	159	155
Computers and related equipment	1,336	1,219
	<u>9,148</u>	<u>4,888</u>
Less: accumulated depreciation	<u>(3,376)</u>	<u>(2,653)</u>
Total property and equipment, net	<u>\$ 5,772</u>	<u>\$ 2,235</u>

Note 8. Share-Based Compensation

During the nine months ended September 30, 2022 and 2021, the Company granted 2.2 million and 3.8 million, respectively, restricted stock units which will vest over a period of one to four years, some of which include performance criteria based on the achievement of key Company milestones. During the nine months ended September 30, 2022 and 2021, 0.8 million and 0.4 million, respectively, restricted stock units and options were forfeited. Share-based compensation expense for the three and nine months ended September 30, 2022 was \$1.8 million and \$5.3 million, respectively. Share-based compensation expense for the three and nine months ended September 30, 2021 was \$0.5 million and \$4.0 million, respectively.

Note 9. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities at September 30, 2022 and December 31, 2021 are summarized as follows:

	September 30, 2022	December 31, 2021
Accrued professional services and other	\$ 7,819	\$ 3,681
Accrued compensation and related benefits	5,565	3,460
Other accrued liabilities	784	618
	<u>\$ 14,168</u>	<u>\$ 7,759</u>

Note 10. Warranties

The change in warranty liability for the three and nine months ended September 30, 2022 and 2021 is summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Balance at beginning of period	\$ 348	\$ —	\$ 44	\$ —
Provision for new warranties	186	—	517	—
Net changes in accrual related to pre-existing warranties	—	—	—	—
Warranty costs incurred	(122)	—	(149)	—
Balance at end of period	<u>\$ 412</u>	<u>\$ —</u>	<u>\$ 412</u>	<u>\$ —</u>

Note 11. Commitments and Contingencies**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 12. Net Loss Per Share

The computation of basic and diluted net loss per share for the three and nine months ended September 30, 2022 and 2021 is summarized as follows (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Numerator:				
Net loss attributable to common stockholders	\$ (63,387)	\$ (26,615)	\$ (123,970)	\$ (66,421)
Denominator:				
Weighted average shares outstanding, basic and diluted	174,345,022	172,987,672	173,945,156	171,842,664
Net loss per share, basic and diluted	<u>\$ (0.36)</u>	<u>\$ (0.15)</u>	<u>\$ (0.71)</u>	<u>\$ (0.39)</u>

Potential common shares excluded from the computation of diluted net loss per share because including them would have had an anti-dilutive effect for the three and nine months ended September 30, 2022 and 2021 are summarized as follows:

	Three and Nine Months Ended September 30,	
	2022	2021
Unexercised stock options	2,682,228	3,551,320
Unvested restricted stock units*	3,808,665	3,604,614
	6,490,893	7,155,934

* Potential common shares from unvested restricted stock units for the periods ended September 30, 2022 and 2021 include 1,261,667 and 1,931,250 shares, respectively, where no accounting grant date has been established.

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

References to the “Company,” “Hyllion,” “we,” or “us” in this report refer to Hyllion Holdings Corp. and its wholly-owned subsidiary Hyllion Inc., unless expressly indicated or the context otherwise requires. The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and related notes thereto included elsewhere in this report and our audited consolidated financial statements and related notes thereto in our 2021 Annual Report.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act. Our forward-looking statements include, but are not limited to, statements regarding our or our management team’s expectations, hopes, beliefs, intentions, or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “will,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this report are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control), or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Factors that might cause or contribute to such a discrepancy include, but are not limited to, our status as an early stage company with a history of losses, and our expectation of incurring significant expenses and continuing losses for the foreseeable future; our ability to develop key commercial relationships with suppliers and customers; our ability to retain the services of Thomas Healy, our Chief Executive Officer; our ability to disrupt the powertrain market; the effects of our dynamic and proprietary solutions on commercial truck customers; our ability to incorporate existing and new technologies into products; the ability to accelerate the commercialization of the Hypertruck ERXTM; our ability to meet 2022 and future product milestones; the impact of an inflationary environment and COVID-19 on long-term objectives; the ability of our solutions to reduce carbon intensity and greenhouse gas emissions, the expected performance and integration of the KARNØ generator and system, and the other risks and uncertainties described under the heading “Risk Factors” in our other SEC filings including in our 2021 Annual Report (See Item 1A. Risk Factors). Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Overview

Our mission is to be the leading provider of electrified powertrain solutions for the commercial vehicle industry. Our goal is to reduce the carbon intensity and the greenhouse gas (“GHG”) emissions of the transportation sector by providing hybrid and range-extending electric powertrain solutions for Class 8 semi-trucks at the lowest total cost of ownership (“TCO”). Throughout our product offerings, we utilize our battery systems, control software and data analytics, combined with fully integrated electric motors and power electronics, to produce electrified powertrain systems.

We currently offer two different product lines: a Hybrid system which is designed as an add-on to electric powertrains on trucks which can augment power needs or potentially save on fuel costs, and the Hypertruck ERX which is a complete powertrain option that is fully electric and leverages an onboard generator to recharge the batteries as the vehicle is in operation. By reducing both GHG emissions and TCO, our environmentally conscious solutions support our customers’ pursuit of their sustainability and financial objectives.

We are currently selling the Hybrid system and are developing our Hypertruck ERX electrified powertrain system for Class 8 semi-trucks. Our Hybrid systems have been installed in low volumes on our initial customers’ commercial vehicles. Across these customer installations and over the entire Hyllion fleet, we have accumulated millions of real-world road miles on Class 8 semi-trucks. Our Hybrid system can either be installed on a new vehicle prior to entering fleet service or retrofit to an existing in-service vehicle. The Hypertruck ERX system leverages the experience and operating data from our Hybrid systems to offer a solution to replace the traditional diesel or compressed natural gas (“CNG”) powertrain installed in new vehicles.

The Hypertruck ERX powertrain, which functions as an electric range-extender, is addressing the market needs of having a fully electric drive truck that can travel long distance between refuels and can leverage existing natural gas infrastructure. Our Hypertruck ERX systems are designed to have their batteries recharged by an onboard CNG generator. Our Hypertruck ERX system can offer commercial vehicle owners and operators a net carbon negative capable electrified powertrain option, when

using renewable natural gas (“RNG”). We believe CNG/RNG is the correct fuel source to begin with, but there are other fuels that will become available to address the climate change initiative, including hydrogen. We have showcased a multistage roadmap that starts with utilizing a CNG/RNG generator and evolves into offering hydrogen-based solutions as well. The Hypertruck platform is designed to be fuel agnostic while the rest of the electric powertrain can remain the same. We plan to initially release the Hypertruck ERX CNG solution, following with the release of a fuel agnostic capable generator (“KARNO” generator) and a hydrogen fuel cell generator for the Hypertruck platform in the future.

CNG fueled battery recharging is preferable today due to both the current comparable cost of fuels and existing availability of CNG infrastructure. Class 8 semi-trucks can currently be refueled with CNG through existing, geographically diverse and third-party accessible natural gas refueling stations established across North America. Globally, RNG, CNG and liquified natural gas (“LNG”) are used widely for land-based transport and trucking and we believe there are established, geographically diverse and third-party accessible stations available in certain areas that may be leveraged in connection with the use of our electrified powertrain solutions in the future. We believe there is opportunity for adoption of our electrified powertrain solutions across Europe and other countries around the globe. This existing and accessible infrastructure will significantly reduce the buildout time and cost required to utilize our Hypertruck ERX system as compared to other proposed potential electrified solutions.

Our Hybrid and Hypertruck ERX systems are designed to be able to be installed on most major Class 8 semi-trucks in the long term, which will give our customers the flexibility to continue using their preferred vehicle brands and maintain their existing fleet maintenance and operations strategies. Our early Hybrid system deployments include leaders in the transportation and logistics sector. We are focusing our initial marketing efforts on large fleet operators as well as companies committed to reducing the overall environmental impact and fuel costs of their owned and operated trucking fleets.

In September 2022 we acquired assets including new hydrogen and fuel agnostic capable generator technology from General Electric Company's GE Additive business. The KARNO generator emerged out of GE's long-running R&D investments in metal additive manufacturing across multiple industries and in areas such as generator thermal and performance design. Initial testing indicates the KARNO generator is expected to comply with all current and foreseeable emissions standards, specifically from the California Air Resources Board (“CARB”) and the Environment Protection Agency (“EPA”), even when utilizing conventional fuels. The technology is expected to achieve a meaningful efficiency improvement over today's conventional generators and could be more efficient than most available fuel cells. These efficiency improvements should, in turn, enable fuel cost reductions and improved vehicle range. The technology should also provide for significant reductions in noise, vibration, moving parts and maintenance as compared to current combustion engines. The KARNO power system is expected to be capable of operating on over 20 different fuels including hydrogen, natural gas, propane, ammonia and conventional fuels. The technology uses heat to drive a sealed linear generator to produce electricity. The heat is produced by reacting fuels through flameless oxidation or other heat sources including renewables.

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 those discussed below and referenced in Item 1A “Risk Factors.”

Successful Commercialization of Our Drivetrain Solutions

Our Hybrid system officially launched, and our first early development Hypertruck ERX showcase unit was unveiled, on August 31, 2021 at the ACT Expo in Long Beach, California. Compared to previous Hyliion systems, the Hybrid system offers fleets a lighter solution that is easier to install, service and operate. The Hybrid system draws upon the real-world feedback we have received from customers and the millions of miles logged with the previous system. Due to shortages of various components caused by global supply chain disruptions, we are experiencing longer delivery times for a portion of the orders we have received on new Hybrid systems. In addition, we continually assess the potential demand impact for the Hybrid system offering in light of recent changes within the competitive landscape.

In November 2021, we began our Hypertruck ERX roadshow, which consists of numerous technology fleet experiences focused on demonstrating the features and benefits of the electric powertrain firsthand. The roadshow consists of “Ride and Drive” events and in-depth product education of the Hypertruck ERX's features and benefits, including how it enables fleet decarbonization goals while also reducing total cost of ownership. Our development timeline has been extended to allow for design verification and testing inclusive of critical summer and winter seasons, as well as the accumulation of up to one million miles prior to production. We expect to complete design verification and begin initial controlled fleet trials by the end of 2022.

There have been ongoing shortages in the transportation industry supply chain including semiconductors as well as several other key components. These supply chain challenges have been especially prominent in the trucking industry, and one of the impacts has been significantly extended lead times for ordering new trucks. Fleets are experiencing lead times on new truck purchases that extend out for delivery into 2023. We placed orders with Peterbilt for all chassis needed in 2022 earlier this year and are securing build slots for the 2023 calendar year in an effort to mitigate future potential supply chain impacts to our Hypertruck ERX development schedule. We continue to work closely with our current supply base to improve delivery of

components for the quarters ahead and are diligently seeking alternative sources of supply for components that meet our technical specifications with shorter lead times.

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

We anticipate that a substantial portion of our capital resources and efforts in the near future will be focused on the continued development and commercialization of our drivetrain solutions. The amount and timing of our future funding requirements, if any, will depend on many factors, including the pace and results of our research and development efforts, as well as factors that are outside of our control.

Customer Demand

We have deployed demonstration Hybrid systems to certain early adopters who we expect to become customers in the future, including leaders in the transportation and logistics sector as well as companies committed to reducing the overall environmental impact and fuel costs of their owned and operated trucking fleets. Further, we began selling the Hybrid system in the fourth quarter of 2021.

In 2021, we announced our Hypertruck Innovation Council, which consists of some of the largest fleets who will be assisting us along the development journey and will have been among the first to experience the Hypertruck ERX through our “Ride and Drive” events. The successful launch program and deployment of the Hypertruck ERX met with positive feedback from customer operations teams and drivers and generated further interest in the Hypertruck ERX solution and longer-term commercial relationships with us.

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

Key Components of Statements of Operations

Revenue

We currently generate revenues from sales of Hybrid systems for Class 8 semi-trucks and limited quantities of Class 8 semi-trucks outfitted with the Hybrid system.

Cost of Revenue

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

Research and Development Expense

Research and development expenses consist primarily of costs incurred for the discovery and development of our electrified powertrain solutions, which include:

- personnel-related expenses including salaries, benefits, travel and share-based compensation, for personnel performing research and development activities;
- fees paid to third parties such as consultants and contractors for outsourced engineering services;
- expenses related to materials, supplies and third-party services;
- depreciation for equipment used in research and development activities;
- acquired in-process research and development from asset acquisition; and
- allocation of general overhead costs.

We expect to continue to invest in research and development activities to achieve operational and commercial goals.

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.

We expect our selling, general and administrative expenses to increase for the foreseeable future as we scale headcount with the growth of our business, and 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, additional insurance expenses, investor relations activities and other administrative and professional services.

Other Income

Other income currently consists primarily of interest income earned on our investments. As a result of our acquisition of the KARNO generator technology, we plan to assume a government contract with the United States Office of Naval Research that is not expected to have a material impact on our business.

Results of Operations

Comparison of Three Months Ended September 30, 2022 to Three Months Ended September 30, 2021

Our results of operations for the three months ended September 30, 2022 (the “current quarter”) and 2021 on a consolidated basis are summarized as follows (in thousands, except share and per share data):

	Three Months Ended September 30,			
	2022	2021	\$ Change	% Change
Revenues				
Product sales and other	\$ 499	\$ —	\$ 499	N/A
Total revenues	499	—	499	N/A
Cost of revenues				
Product sales and other	2,916	—	2,916	N/A
Total cost of revenues	2,916	—	2,916	N/A
Gross loss	(2,417)	—	(2,417)	N/A
Operating expenses				
Research and development	(52,678)	(18,150)	(34,528)	190.2 %
Selling, general and administrative expenses	(10,264)	(8,660)	(1,604)	18.5 %
Total operating expenses	(62,942)	(26,810)	(36,132)	134.8 %
Loss from operations	(65,359)	(26,810)	(38,549)	143.8 %
Interest income	1,926	195	1,731	887.7 %
Gain on disposal of assets	46	—	46	N/A
Net loss	<u>\$ (63,387)</u>	<u>\$ (26,615)</u>	<u>\$ (36,772)</u>	<u>138.2 %</u>
Net loss per share, basic and diluted	<u>\$ (0.36)</u>	<u>\$ (0.15)</u>	<u>\$ (0.21)</u>	<u>140.0 %</u>
Weighted-average shares outstanding, basic and diluted	<u>174,345,022</u>	<u>172,987,672</u>	<u>1,357</u>	<u>0.8 %</u>

Revenue

Sales increased \$0.5 million in the current quarter, driven by sales associated with our Hybrid products. We continue to pursue the sale of both Hybrid systems as well as complete vehicles installed with our Hybrid system.

Cost of Revenues

Cost of revenues increased \$2.9 million in the current quarter, driven by costs associated with sales of Hybrid systems. We expect a difference in timing between recognition of revenues and cost of revenues due to write-down of inventory to net realizable value in periods prior to sales. The increase in cost of revenues includes:

- Inventory write-downs of \$2.3 million attributable to inventory on hand that had a cost higher than its net realizable value;
- Class 8 semi-truck cost of \$0.2 million; and
- Warranty costs of \$0.2 million for estimated costs to administer and maintain the warranty program for labor, transportation and parts, excluding any contribution from vendors.

Research and Development

Research and development expenses increased \$34.5 million in the current quarter primarily due to:

- \$28.8 million related to hydrogen and fuel agnostic capable generator technology (“KARNO”) acquired in September 2022 from General Electric Company's GE Additive business to develop and commercialize the fuel agnostic Hypertruck KARNO; and
- An increase of \$5.5 million for the design and testing of our Hypertruck system including an increase in expenses related to components, services and personnel as we build out our engineering, operations and supply chain teams and associated capabilities.

Selling, General and Administrative

Selling, general and administrative expenses increased \$1.6 million in the current quarter primarily due to:

- An increase in personnel and benefits of \$2.4 million and software costs of \$0.3 million as we continue to grow our sales and other functions, including impacts from the departure of our prior Chief Financial Officer; partially offset by
- A decrease of \$0.6 million for legal and professional services and other; and
- A decrease of \$0.2 million for marketing and advertising.

Other Income

Total other income increased \$1.8 million in the current quarter primarily due to interest income on investments.

Comparison of Nine Months Ended September 30, 2022 to Nine Months Ended September 30, 2021

The following table summarizes our results of operations on a consolidated basis for the nine months ended September 30, 2022 (the “current nine months”) and 2021 (in thousands, except share and per share data):

	Nine Months Ended September 30,		\$ Change	% Change
	2022	2021		
Revenues				
Product sales and other	\$ 1,011	\$ —	\$ 1,011	N/A
Total revenues	1,011	—	1,011	N/A
Cost of revenues				
Product sales and other	7,160	—	7,160	N/A
Total cost of revenues	7,160	—	7,160	N/A
Gross loss	(6,149)	—	(6,149)	N/A
Operating expenses				
Research and development	(88,543)	(40,871)	(47,672)	116.6 %
Selling, general and administrative expenses	(32,255)	(26,111)	(6,144)	23.5 %
Total operating expenses	(120,798)	(66,982)	(53,816)	80.3 %
Loss from operations	(126,947)	(66,982)	(59,965)	89.5 %
Interest income	3,066	561	2,505	446.5 %
Loss on disposal of assets	(89)	—	(89)	N/A
Net loss	<u>\$ (123,970)</u>	<u>\$ (66,421)</u>	<u>\$ (57,549)</u>	<u>86.6 %</u>
Net loss per share, basic and diluted	<u>\$ (0.71)</u>	<u>\$ (0.39)</u>	<u>\$ (0.32)</u>	<u>82.1 %</u>
Weighted-average shares outstanding, basic and diluted	<u>173,945,156</u>	<u>171,842,664</u>	<u>2,102</u>	<u>1.2 %</u>

Revenue

Sales increased \$1.0 million in the current nine months, driven by sales associated with our Hybrid products. We continue to pursue the sale of both Hybrid systems as well as complete vehicles installed with our Hybrid system.

Cost of Revenues

Cost of revenues increased \$7.2 million in the current nine months, driven by costs associated with sales of Hybrid systems. We expect a difference in timing between recognition of revenues and cost of revenues due to write-down of inventory to net realizable value in periods prior to sales. The increase in cost of revenues includes:

- Inventory write-downs of \$5.5 million attributable to inventory on hand that had a cost higher than its net realizable value;
- Class 8 semi-truck cost of \$0.2 million; and
- Warranty costs of \$0.5 million for estimated costs to administer and maintain the warranty program for labor, transportation and parts, excluding any contribution from vendors.

Research and Development

Research and development expenses increased \$47.7 million in the current nine months primarily due to:

- \$28.8 million related to hydrogen and fuel agnostic capable generator technology (“KARNO”) acquired in September 2022 from General Electric Company's GE Additive business to develop and commercialize the fuel agnostic Hypertruck KARNO; and
- An increase of \$17.9 million for the design and testing of our Hypertruck system including an increase in expenses related to components, services and personnel as we build out our engineering, operations and supply chain teams and associated capabilities.

Selling, General and Administrative

Selling, general, and administrative expenses increased \$6.1 million in the current nine months primarily due to:

- An increase in personnel and benefits of \$4.4 million and software costs of \$1.6 million as we continue to grow our sales and other functions, including impacts from the departure of our prior Chief Financial Officer; and
- An increase of \$1.0 million for legal and professional services and other; partially offset by
- A decrease of \$0.2 million for marketing and advertising.

Other Income

Total other income increased \$2.4 million in the current nine months primarily due to interest income on investments.

Liquidity and Capital Resources

At September 30, 2022, our current assets were \$394.0 million, consisting primarily of cash and cash equivalents of \$154.2 million, short-term investments of \$232.9 million and prepaid expenses of \$5.9 million. Our current liabilities were \$16.8 million primarily comprised of accounts payable, accrued expenses and operating lease liabilities.

We believe the credit quality and liquidity of our investment portfolio at September 30, 2022 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 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 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 Hypertruck ERX product development costs and components purchased to support the stated of production, operating expenses and production and related costs of Hybrid systems. We plan to stay asset-light and utilize third parties to perform assembly and manufacturing at scale.

We expect to continue to incur net losses in the short term, as we continue to execute on our strategic initiatives by (i) completing the development and commercialization of the electrified drive systems for Class 8 semi-trucks, (ii) scaling the Company's operations to meet anticipated demand and (iii) hiring personnel. Further, we plan to develop and commercialize the fuel agnostic Hypertruck KARN0 with an anticipated commercial launch a few years after the Hypertruck ERX. However, actual results could vary materially and negatively as a result of a number of factors including, but not limited to, those discussed in Part II, Item 1A. "Risk Factors."

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.

Cash Flows

Net cash, cash equivalents and restricted cash provided by or used in operating activities, investing activities and financing activities for the nine months ended September 30, 2022 and 2021 is summarized as follows (in thousands):

		Nine Months Ended September 30,	
		2022	2021
Cash from operating activities	\$	(83,442)	\$ (49,822)
Cash from investing activities		(20,750)	(65,601)
Cash from financing activities		(92)	15,902
	\$	<u>(104,284)</u>	<u>\$ (99,521)</u>

Cash from Operating Activities

For the nine months ended September 30, 2022, cash flows used in operating activities were \$83.4 million. Cash used primarily related to a net loss of \$124.0 million, adjusted for changes in working capital accounts and certain non-cash expenses of \$40.5 million (including \$28.8 million related to acquired in-process research and development \$5.3 million related to share-based compensation, \$3.1 million related to prepaid expenses and other assets, \$3.0 million related to depreciation, amortization and accretion charges and \$2.0 million related to accounts payable, accrued expenses and other liabilities).

For the nine months ended September 30, 2021, cash flows used in operating activities were \$49.8 million. Cash used primarily related to net loss of \$66.4 million, adjusted for changes in working capital accounts and certain non-cash expenses of \$16.6 million (including \$6.9 million related to accounts payable, accrued expenses and other liabilities, \$4.0 million related to share-based compensation, \$3.6 million related to prepaid expenses and other assets and \$2.7 million related to depreciation, amortization and accretion charges).

Cash from Investing Activities

For the nine months ended September 30, 2022, cash flows used in investing activities were \$20.8 million. Cash used related to the purchase of investments of \$160.1 million, acquired in-process research and development of \$14.4 million and property and equipment of \$2.6 million, offset by the sale or maturity of investments of \$156.4 million.

For the nine months ended September 30, 2021, cash flows used in investing activities were \$65.6 million. Cash used primarily related to the purchase of investments of \$268.7 million and property and equipment of \$2.2 million, partially offset by the sale or maturity of investments of \$205.4 million.

Cash from Financing Activities

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

For the nine months ended September 30, 2021, cash flows provided by financing activities were \$15.9 million. Cash flows were primarily due to net proceeds from the exercise of warrants of \$16.3 million and proceeds from exercise of common stock options of \$0.6 million, partially offset by repayments of \$0.9 million for a Paycheck Protection Program loan.

Critical Accounting Policies and Estimates

In preparing our condensed consolidated financial statements, we applied the same critical accounting policies as described in our 2021 Annual Report, supplemented with those below, that affect judgments and estimates of amounts recorded for certain assets, liabilities, revenues and expenses.

Acquisitions

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

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

Revenue Recognition

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

Should our business plans, estimates or assumptions change, we may record receipts from sales of Class 8 semi-trucks as non-operating income in future periods.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A description of the market risks associated with our business is contained in the “Quantitative and Qualitative Disclosures About Market Risk” section of our 2021 Annual Report. There have been no material changes to our market risks as therein previously reported.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based on our management’s evaluation (with the participation of our Principal Executive Officer and Principal Financial Officer) of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, our Principal Executive Officer and Principal Financial Officer have concluded that, at September 30, 2022, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

A description of the risk factors associated with our business is contained in the "Risk Factors" section of our 2021 Annual Report. There have been no material changes to our Risk Factors as therein previously reported.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
2.1***	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 24, 2022.
10.1*†	Separation Agreement and General Release, dated September 15, 2022, by and between Hyliion Holdings Corp. and Sherri Baker.
10.2*†	Employment Agreement, dated September 12, 2022, by and between Hyliion Holdings Corp. and Jon Panzer.
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibits 101)

* Filed herewith.

** Furnished herewith.

* Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish to the U.S. Securities and Exchange Commission a copy of any omitted schedule or exhibit upon request.

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

SIGNATURES

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

Date: November 8, 2022

HYLIION HOLDINGS CORP.

/s/ Thomas Healy

Name: Thomas Healy
Title: President and Chief Executive Officer
(Principal Executive Officer)

/s/ Jon Panzer

Name: Jon Panzer
Title: Chief Financial Officer
(Principal Financial Officer)

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release ("Agreement") is entered into by and between Sherri Baker ("Executive") and Hyliion Holdings Corp. (the "Company," and together with Executive, the "Parties"), in connection with Executive's separation from employment effective as of September 15, 2022 (the "Separation Date").

In consideration of the payments, mutual promises and agreements contained herein, and other good and valuable consideration the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Separation Pay and Other Consideration. Subject to Executive's compliance with the terms and conditions of this Agreement, the Company will pay or provide to Executive the separation benefits described in this Section 1. Executive agrees that these benefits are in addition to any pay or benefits to which Executive is already entitled as of the Separation Date, and that such benefits provided under this Section 1 are sufficient consideration for the releases and other promises made by Executive in this Agreement.

(a) The Company agrees to pay Executive the total sum of four hundred and twenty-five thousand dollars (\$425,000), less all applicable federal, state, and local tax withholdings (the "Separation Pay"). Separation Pay will be divided into twelve (12) substantially equal installments to be paid monthly following the Separation Date, *provided that* no payment of Separation Pay shall be made before the first payroll date on or after the sixtieth (60th) day following the Separation Date (the "First Payment Date"). On the First Payment Date, the Company shall pay to Executive, without interest, the aggregate amount of Separation Pay relating to installments that, but for the preceding sentence, would have paid between the Separation Date and the First Payment Date.

(b) Each of Executive's restricted stock awards, restricted stock unit awards and any other Company equity compensation awards (other than any Company equity compensation awards that are subject to performance-based or other similar vesting criteria which were (i) outstanding and unvested as of the Separation Date and (ii) granted to Executive more than one year prior to the Separation Date, shall vest in full and, to the extent applicable, become fully exercisable.

(c) If Executive elects to continue coverage for Executive and Executive's spouse and eligible dependents, if any, under the Company's group health plans pursuant to Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Company shall promptly reimburse Executive on a monthly basis for the difference between the amount Executive pays to effect and continue such coverage and the employee contribution amount that similarly situated employees of the Company pay for the same or similar coverage under such group health plans (the "COBRA Reimbursement"). Each payment of the COBRA Reimbursement shall be paid to Executive on the Company's first regularly scheduled pay date in the calendar month immediately following the calendar month in which Executive submits to the Company documentation of the applicable premium payment having been paid by Executive, which documentation shall be submitted by Executive to the Company within thirty (30) days following the date on which the applicable premium payment is paid, *provided that* even if such documentation has been provided, no COBRA Reimbursement payments shall be paid until the First Payment Date and *provided further that* Executive has returned a signed copy of this Agreement to the Company and has not revoked such Agreement during the revocation period that expires within such sixty (60) day period. On the First Payment Date, the Company shall pay to Executive, without interest, the aggregate amount of COBRA Reimbursement payments that, but for the preceding sentence, would have paid between the Separation Date and the First Payment Date. Executive shall be eligible to receive COBRA Subsidy payments until the earliest

of: (1) the date that is twelve (12) months following the Separation Date; (2) the date Executive is no longer eligible to receive COBRA continuation coverage; and (3) the date on which Executive becomes eligible to receive coverage under a group health plan sponsored by another employer (and any such eligibility shall be promptly reported to the Company by Executive). For the avoidance of doubt, it is Executive's sole responsibility to complete all paperwork necessary to enroll in COBRA continuation coverage and to pay all premiums associated with COBRA at Executive's sole cost and expense. The Company's sole obligation hereunder is to make the COBRA Reimbursement payments to Executive as set forth in this paragraph. Notwithstanding the foregoing, if the provision of the benefits described in this paragraph cannot be provided in the manner described above without penalty, tax or other adverse impact on the Company, then the Company and Executive shall negotiate in good faith to determine an alternative manner in which the Company may provide substantially equivalent benefits to Executive without such adverse impact on the Company.

(d) But for Executive's execution (and non-revocation) of this Agreement, the Company is not obligated to provide Executive with any of the payments or benefits set forth in Sections 1(a) through 1(c) above. Executive will indicate Executive's acceptance of the terms and conditions of this Agreement by executing and delivering the signed Agreement to Jose Oxholm at 1202 BMC Drive, Cedar Park, Texas 78613-4681 by overnight courier (UPS or FedEx) or by email to jose.oxholm@hyliion.com on or before the twenty-first (21st) day after receiving this Agreement.

(e) Executive agrees that the Company owes no additional obligations to Executive other than what is set forth herein.

2. Release and Covenant Not to Sue.

(f) Executive understands and agrees that Executive is accepting the Separation Pay and other consideration in Section 1 as a full and complete settlement and compromise of any and all differences and disputes between the Company and the Executive and of any compensation or benefits that would be payable to Executive under that certain Amended and Restated Employment Agreement by and between Executive and the Company dated February 24, 2022 (the "Employment Agreement"), and that Executive will not seek any further compensation for any monies, fees, claimed damage, costs or attorneys' fees in connection with these or any other matters or events which have occurred as of the date of this Agreement.

(g) As a material inducement for the Company to enter this Agreement, Executive hereby releases the Company and its affiliates and each of their respective present, past, and future directors, officers, shareholders, partners, assigns, agents, Executives, representatives, attorneys, insurers, predecessors, successors, affiliates, and all persons acting by, through, under, or in concert with any of them (collectively, the "Company Releasees") from any and all claims, complaints, liabilities or obligations of any kind whatsoever, whether known or unknown, that Executive may have, now has, or has ever had arising from Executive's employment with the Company or the termination of that employment (including any claims arising from or relating to the Employment Agreement), or any other matter or event that may have occurred as of the date of this Agreement, including without limitation any alleged violation of: any federal, state, or local law, including but not limited to, claims under Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991, Age Discrimination in Employment Act ("ADEA"), the Rehabilitation Act of 1973, the Americans With Disabilities Act, the Family and Medical Leave Act, the Pregnancy Discrimination Act, the Executive Retirement Income Security Act, the Texas Commission on Human Rights Act, the Texas Labor Code, any public policy, contract, tort, or common law claim, any allegation for costs, fees, or other expenses including attorneys' fees incurred in the matters referenced herein, and any and all claims the Executive may have arising as the result of any alleged breach of contract,

compensation, incentive, bonus or commission plan or agreement with any Company Releasees (collectively, the “Released Claims”).

(h) Executive specifically acknowledges that Executive has been fully and completely compensated for all hours worked during Executive’s employment with the Company and that Executive has been paid all wages, commissions, benefits, and payments due to Executive from the Company, in accordance with the provisions of the Fair Labor Standards Act and any other federal, state, or local law governing Executive’s employment with the Company.

(i) By signing this Agreement, Executive affirmatively represents and warrants that (i) Executive did not engage in any illegal, unethical, or deceptive conduct in the performance of Executive’s job duties with the Company, and (ii) Executive is not aware of any illegal, unethical, or deceptive conduct that has been committed by any other Executive, affiliate, partner, or agent of the Company that Executive has not already disclosed to the Company.

(j) Executive further agrees and covenants that Executive will not sue or file any complaint, petition, or lawsuit against the Company Releasees with any local, state, or federal court in connection with the claims released under this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall be construed to prohibit Executive from filing a charge with or participating in any investigation or proceeding conducted by a government agency, including but not limited to the Equal Employment Opportunity Commission, charged with enforcement of any law or to challenge the validity of the waiver of claims under the ADEA. Executive, however, agrees to waive Executive’s right to recover any personal relief, monetary damages, attorneys’ fees, back pay, reinstatement or injunctive relief from the Company and/or Company Releasees in any charge, complaint, or lawsuit filed by Executive or by anyone else on Executive’s behalf. Notwithstanding the foregoing, nothing in this Agreement (i) prohibits, limits or restricts, or shall be construed to prohibit, limit or restrict, the Executive from exercising any legally protected whistleblower rights (including pursuant to Section 21F of the Exchange Act and the rules and regulations thereunder), without notice to or consent from the Company, or (ii) to the extent required by law, prohibits or shall be construed to prohibit the Executive from receiving a reward from the Securities and Exchange Commission or other applicable government agency pursuant to Section 21F of the Exchange Act or other applicable whistleblower or other law or regulation in connection therewith. Executive further understands that this release does not extend to: (i) any rights or claims that arise after the Execution Date; or (ii) any rights that cannot be waived by operation of law.

3. Re-Affirmation of PIIA and Non-Disclosure Covenants.

(k) The Parties acknowledge that, at the outset of Executive’s employment, Executive executed a Proprietary Information, Invention Assignment, Non-Solicitation and Non-Compete Agreement (“PIIA”). Notwithstanding the termination of Executive’s employment with the Company, the post-employment obligations in the PIIA shall remain in full force and effect. By Executive’s execution and non-revocation of this Agreement, Executive re-affirms and re-acknowledges the post-employment duties and obligations in the PIIA, which are incorporated by reference herein.

(l) Executive acknowledges that Executive was privy to and received highly confidential and private information regarding, among other things, the Company, its operations, clients, and finances. Such information, referred to herein as “Confidential Information” includes, but is not limited to, any and all information and data that is not generally known to the public, related to or concerning the Company’s clients, prospective clients, beneficiaries, agents, and affiliates and the business and operations of the Company.

(m) Executive agrees not to use, misappropriate, retain, disseminate, transfer, or otherwise share with anyone any Confidential Information and/or reaffirms Executive's non-disclosure obligations already owed to the Company as a result of Executive's employment and under the PIIA. If Executive receives or is served with a subpoena, or other lawful process that may require Executive to provide Confidential Information, Executive shall give prompt written notice of such fact to the Company so that the Company may, if it so desires, seek a protective order or other governmental or judicial relief, at the Company's expense, to prevent or limit disclosure of the Confidential Information.

(n) Executive further agrees and understands that any misuse or dissemination of any Confidential Information would be significantly and irrevocably damaging to the Company. Executive understands and agrees that disclosure of Confidential Information would cause irreparable harm to the Company. Should Executive violate this Section 3, the Company reserves the right to seek all appropriate sanctions, up to and including monetary damages, injunctive relief (if appropriate), and recoupment of attorneys' fees and court costs for having to seek enforcement of this Agreement.

(o) Notwithstanding anything in this Agreement or any other agreement between the Parties to the contrary, Executive is hereby advised that: pursuant to 18 U.S.C. § 1833(b), an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Although Executive is waiving Executive's individual right to recover damages for any potential claim, nothing in this Agreement limits Executive's ability to file a charge or complaint with any federal, state, or local agency or commission or to communicate with any government agency, to participate in any investigation or proceeding by these agencies. When Executive is engaged in any activity described in this Section 3(e), Executive is not required to provide written notice to the Company as described in Section 3(c).

4. Return of Property. All electronic devices, credit cards, keys, data, records, files, recordings, videos, notes or other documents or materials, whether in written or electronic form, and all copies thereof, relating to the Company, its operations, business, affairs, clients, or potential clients that Executive received from or during employment with the Company, specifically including Confidential Information, (collectively, "Company Property") are the sole and exclusive property of the Company. Executive shall return to the Company all Company Property in Executive's possession, custody, or control on or prior to the date of Executive's execution of this Agreement. After returning all Company Property to the Company as required above, Executive shall permanently destroy/delete all Company Property in Executive's possession, custody, or control, or to which Executive has access, on all sources or mediums, including but not limited to Executive's computers, external drives and storage devices, phones, tablets, email accounts or cloud storage accounts. Executive is prohibited from retaining any Company Property following the date of Executive's execution of this Agreement, and any such retention shall be a material breach of this Agreement.

5. Non-Disparagement. Executive agrees not to make any disparaging statements, remarks, or comments, whether written or verbal, about the Company or the Company Releasees. The named executive officers and the board of directors of the Company will not make any disparaging statements, or comments, whether written or verbal, about the Executive. A breach of this restriction by Executive may result in forfeiture of the Separation Pay, in addition to any additional damages sustained as a result of such breach. Nothing in this Agreement prohibits,

limits or restricts, or shall be construed to prohibit, limit or restrict, the Executive from exercising any legally protected whistleblower rights without notice to or consent from the Company.

6. Cooperation. Executive agrees to reasonably cooperate and assist the Company with regard to any Company matters that have arisen or may arise relating to the time period of Executive's employment, including, without limitation, in respect of the removal of Executive from any positions held as an officer or director of the Company or any of its affiliates, and in respect of any current or future claim or litigation involving the Company or its affiliates. Such cooperation shall include, without limitation, being available at reasonable times and places for interviews, reviewing documents, testifying in a deposition or a legal or administrative proceeding, and providing input to the Company in preparing defenses to any pending or future claims involving the Company. The Company will use reasonable business efforts to limit Executive's travel and interference with Executive's other obligations. The Company agrees to pay or reimburse Executive for any reasonable out of pocket expenses incurred by Executive as a result of such cooperation.

7. Voluntary Execution. Executive understands and agrees that Executive:

(p) has read this Agreement carefully and completely;

(q) understands and knowingly and voluntarily agrees to the terms, conditions, and waivers set forth in this Agreement;

(r) is hereby advised in writing to consult with an attorney of Executive's choice prior to executing this Agreement and has had ample opportunity and sufficient time to seek such advice;

(s) agrees that the Separation Pay and other consideration provided for in Section 1 of this Agreement is in addition to any consideration to which Executive may already be entitled;

(t) may take up to twenty-one (21) days to consider whether Executive desires to execute this Agreement. Should Executive wish to accept the benefits set forth herein, Executive must sign and return this Agreement on or before the twenty-first (21st) day after receiving this Agreement, after which time the offer of this Agreement will be withdrawn and rendered void. Modifications to the terms of the Agreement, whether material or not, shall not re-start or otherwise change the 21-day period that Executive has to review the Agreement; and

(u) has a period of seven (7) days after executing this Agreement to revoke this Agreement (the "Revocation Period"). To be valid, any such revocation must be in writing and delivered to Jose Oxholm at 1202 BMC Drive, Cedar Park, Texas 78613-4681 or by email to jose.oxholm@hyliion.com such that it is received before the expiration of the Revocation Period. Executive understands that, upon the expiration of the Revocation Period (the "Effective Date"), this entire Agreement will be binding upon Executive and will be irrevocable. For the avoidance of any doubt, if Executive revokes this Agreement, none of the Separation Pay or other consideration set forth in Section 1 of this Agreement shall be owed to or provided to the Executive.

8. Entire Agreement. The Parties represent and acknowledge that in entering and executing this Agreement, they have not relied upon any representations or statements made by the other party to this Agreement, or by the agents, representatives, or attorneys of the other party, with regard to the subject matter, basis, or effect of this Agreement. Except for the post-employment obligations in the PIIA, which shall remain in full force and effect, this Agreement

sets forth the entire agreement between the Parties and fully supersedes any and all prior agreements or understandings, written or oral, between the Parties pertaining to the subject matter hereof.

9. Section 409A. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulatory and other guidance promulgated thereunder (“Section 409A”), or an exemption thereunder, and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service, as a short-term deferral, or as a settlement payment pursuant to a bona fide legal dispute shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, installment payments provided under this Agreement shall each be a separate and distinct payment. To the extent Section 409A is applicable, any payments to be made under this Agreement upon a termination of employment shall only be made upon a “separation from service” under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A or an exemption thereunder and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by Executive on account of non-compliance with Section 409A or an exemption thereunder.

10. Severability. Other than Sections 2-4, should any court of competent jurisdiction declare any provision of this Agreement to be wholly or partially illegal, invalid, or unenforceable, the offending provision (or portion thereof) shall be stricken and all remaining provisions shall remain in full force and effect and shall be unaffected by such declaration. Should any court of competent jurisdiction declare any portion of Sections 2-4 of this Agreement illegal, invalid, or unenforceable, the offending provision (or portion thereof) shall be modified to the minimum extent necessary to allow enforceability, it being intended that the Parties receive the benefits contemplated herein to the fullest extent permitted by law.

11. No Admission of Liability. This Agreement shall not in any way be construed as an admission by the Company or any Company Releasee of any improper actions or liability whatsoever as to Executive or any other person, and the Company specifically disclaims any liability to or improper actions against Executive or any other person, on the part of itself or any Company Releasee.

12. Waiver of Breach. The failure by either party to insist upon the performance of any one or more terms, covenants or conditions of this Agreement or the PIIA shall not be construed as a waiver or relinquishment of any right granted hereunder or of any future performance of any such term, covenant or condition, and the obligation of either party with respect hereto shall continue in full force and effect.

13. Governing Law/Forum Selection Clause. This Agreement shall be governed by and construed under the laws of the State of Texas applicable to contracts to be executed and performed in the State of Texas. The Parties hereby irrevocably agree to submit to the jurisdiction of the State of Texas and that any dispute arising out of this Agreement or Executive’s employment shall be litigated exclusively the State of Texas.

14. Gender and Number. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine, and neuter, and the number of all words herein shall include the singular and plural.

15. Jury Trial Waiver. The Parties hereby waive any right to trial by jury in connection with any suit, action, or proceeding under or in connection with this Agreement, Executive's employment, or termination of Executive's employment.

[Remainder of page intentionally left blank; signature page follows.]

PLEASE READ CAREFULLY. THIS SEPARATION AGREEMENT INCLUDES THE RELEASE OF ALL CLAIMS AGAINST THE COMPANY, INCLUDING THOSE ARISING OUT OF EXECUTIVE'S EMPLOYMENT WITH THE COMPANY, THE TERMINATION THEREOF, AND *ALL CLAIMS ARISING UNDER THE ADEA.*

IN WITNESS WHEREOF, the Parties have entered into this Agreement.

EXECUTIVE

/s/ Sherri Baker
Sherri Baker

9/16/22
Date

HYLIION HOLDINGS CORP.

By: /s/Thomas Healy

9/16/22
Date

[Signature Page to Separation Agreement and General Release]

EMPLOYMENT AGREEMENT

This Employment Agreement (“**Agreement**”) is made and entered into by and between Hyliion Holdings Corp., a Delaware corporation, (the “**Company**”), and Jon Panzer (“**Employee**”) effective as of the Effective Date (as defined below). Employer and Employee are sometimes referred to herein as a “Party,” and collectively as the “Parties”.

RECITALS

WHEREAS, the Company and Employee desire to enter into this Agreement on the terms and subject to the conditions set forth herein, effective as of September 12, 2022 (the “**Effective Date**”).

NOW, THEREFORE, in consideration of the above recitals incorporated herein and the mutual covenants and premises contained herein as well as other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the Parties agree as follows:

1. **Employment.** During the Employment Period (as defined in Section 4) the Company shall employ Employee, and Employee shall serve, as Chief Financial Officer of the Company and in such other position or positions as may be assigned from time to time by the Chief Executive Officer (“**CEO**”) of the Company or as otherwise designated by the board of directors of the Company (the “**Board**”).

2. **Duties and Responsibilities of Employee.**

(a) Employee shall, during the Employment Period, devote Employee’s best efforts and full business time and attention to the businesses of the Company and its direct and indirect subsidiaries as may exist from time to time (collectively, the Company and its current and future wholly owned direct and indirect subsidiaries are referred to as the “**Company Group**”) as may be requested by the CEO from time to time. Employee’s duties and responsibilities shall include those normally incidental to the position(s) identified in Section 1, as well as such additional duties as may be assigned to Employee by the CEO from time to time, which duties and responsibilities may include providing services to other members of the Company Group in addition to the Company. Employee may, without violating this Section 2(a), (i) as a passive investment, own publicly-traded securities in such form or manner as will not require any services by Employee in the operation of the entities in which such securities are owned; or (ii) engage in outside activities provided (x) such ownership interests or activities (including but not limited to membership on boards of directors of for-profit organizations) do not interfere with Employee’s ability to fulfill Employee’s duties and responsibilities under this Agreement and are not inconsistent with Employee’s obligations to any member of the Company Group or are otherwise competitive with the business of any member of the Company Group; and (y) Employee gives written notice to the CEO of any significant outside business activity in which Employee plans to become involved, if such activity is pursued for profit. Notwithstanding the foregoing, Employee will not serve as a member on any Board of Directors (or similar body) of any for-profit organization without first obtaining the express written approval of the CEO. Employee has listed, in Exhibit A attached hereto, a complete list of all such entities and/or organizations that may be implicated by this Section 2, which shall be deemed approved by the CEO.

(b) Employee hereby represents and warrants that Employee is not the subject of, or a party to, any non-competition, non-solicitation, restrictive covenant or non-disclosure agreement, or any other agreement, obligation, restriction or understanding that would prohibit

Employee from executing this Agreement or fully performing each of Employee's duties and responsibilities hereunder, or would in any manner, directly or indirectly, limit or affect any of the duties and responsibilities assigned to Employee hereunder. Employee expressly acknowledges and agrees that Employee is strictly prohibited from using or disclosing any confidential information belonging to any prior employer or other third party in the course of performing services for any member of the Company Group, and Employee promises that Employee shall not do so. Employee shall not introduce documents or other materials containing confidential information of any prior employer and/or other third party to the premises or property (including computers and computer systems) of any member of the Company Group.

(c) Employee owes each member of the Company Group fiduciary duties (including (i) duties of loyalty and disclosure and (ii) such fiduciary duties that an officer of the Company would have if the Company were a corporation organized under the laws of the State of Delaware), and the obligations described in this Agreement are in addition to, and not in lieu of, the obligations Employee owes each member of the Company Group under statutory and common law.

1. **Compensation.**

(d) **Base Salary.** During the Employment Period, the Company shall pay to Employee an annualized base salary of \$450,000 (the "**Base Salary**") in consideration for Employee's services under this Agreement, payable in substantially equal installments in conformity with the Company's customary payroll practices for similarly situated employees as may exist from time to time, but no less frequently than monthly. Employee's Base Salary will be reviewed annually by the CEO based on the performance of the Employee and the Company. The CEO may, but will not be required to, increase the Base Salary during the Initial and any Renewal Term.

(e) **Target Bonus; Sign-On Bonus**

(i) In addition to the Base Salary, during the Employment Period, Employee will be entitled to participate in an annual incentive compensation plan of the Company. Employee's target annual bonus will be equal to 75% of Employee's Base Salary as in effect for such year (the "**Target Bonus**") based upon achievement of performance goals established by the Compensation Committee of the Board pursuant to such plan. The Target Bonus will be paid at the time and in the manner specified under the annual incentive compensation plan of the Company. Employee will first be eligible for a prorated Target Bonus for the 2022 fiscal year.

(ii) The Company will pay Employee a one-time cash bonus (the "**Sign-On Bonus**") in the amount of \$350,000 to be paid on the first payroll following Employee's start date. If, within one (1) year of hire date, Employee is terminated for Cause (as defined hereinbelow) or Employee chooses to leave the employment of the Company, Employee (or Employee's representative) agrees to repay the full amount of the Sign-On Bonus received by Employee after taxes and withholdings (the "**Repayment Amount**") on the date of Employee's termination or departure. Employee agrees that, should Employee be required to repay the Sign-On Bonus, the Company may make deductions from Employee's compensation up to the full Repayment Amount, consistent with applicable law. If such deductions do not fully repay the Repayment Amount, Employee agrees to remit the balance to the Company.

(f) **Equity Awards.**

(i) Subject to the approval of the Compensation Committee of the Board (the “**Compensation Committee**”), Employee will be granted a one-time stock award (a “**Special Award**”). The Special Award will cover such number of shares of the Company’s common stock valued at \$300,000 based on the closing price of Hyliion stock on the grant date, disregarding any fractional share amounts. The Special Award will fully vest one (1) year from the date of grant. Employee acknowledges and agrees that Employee is bound by the Company’s insider trading policy.

(ii) Subject to the approval of the Compensation Committee, Employee will be granted annual time-vested restricted stock unit awards (each, a “**Time-Vested Award**”) and a one-time performance-based restricted stock unit award (a “**Performance Award**”) as soon as administratively practicable following the effective registration of the securities reserved for issuance under the Company’s 2020 Equity Incentive Plan (the “**2020 Plan**”) on a Form S-8 registration statement pursuant to the Securities Act of 1933, as amended (the “**Form S-8**”). Notwithstanding anything to the contrary in this Agreement, the Time-Vested Award and the Performance Award will not be deemed granted unless and until (i) the Form S-8 has become effective and (ii) the vesting schedule and all other material terms of such equity awards have been approved by the Compensation Committee. Employee acknowledges and agrees that the actual grant dates for future Time-Vested Awards shall be determined by the Compensation Committee and may be coordinated with the grant dates for Time-Vested Awards granted to other employees. The Time-Vested Award and the Performance Award may be subject to proration depending on Employee’s start date.

(iii) The 2022 Time-Vested Award will cover such number of shares of the Company’s common stock valued at \$600,000, pro-rated for the portion of the 2022 fiscal year for which Employee is employed and based on the closing price of Hyliion stock as of the grant date, disregarding any fractional share amounts, and shall be awarded on such terms and conditions as the Board or the Compensation Committee shall determine from time to time. Future Time-Vested Awards shall be granted at the discretion of the Compensation Committee and the Board of Directors. Each Time-Vested Award will vest over a three-year period, with 33.33% of the Time-Vested Award vesting on the one-year anniversary of the first Quarterly Vesting Date following the Effective Date of this Agreement and 8.33% of the Time-Vested Award vesting on each Quarterly Vesting Date thereafter, subject to Employee remaining in Continuous Service (as defined in the 2020 Plan) through each applicable vesting date. For purposes of this Agreement, “**Quarterly Vesting Dates**” with respect to any calendar year means February 15, May 15, August 15, and November 15, provided, to the extent any of such dates occurs on a weekend day or U.S. federal holiday, the Quarterly Vesting Date will be deemed to occur instead on the immediately following day that is not a weekend day or U.S. federal holiday.

(iv) The Performance Award will cover 200,000 shares of the Company’s common stock, pro-rated for the portion of the 2022 fiscal year for which Employee is employed. The Performance Award will vest based upon the achievement of objective performance criteria, as determined by the Compensation Committee in its sole and absolute discretion prior to the date of grant of the Performance Award, during the period from the Effective Date through December 31, 2025, subject to Employee remaining in Continuous Service through each applicable vesting date.

(v) In the event of a Change in Control (as defined in the 2020 Plan), unless determined otherwise by the Board or the Compensation Committee, with the consent of Employee, prior to such Change in Control, and provided Employee remains in Continuous Service through immediately prior to such Change in Control, the

Performance Award will vest immediately prior to the Change in Control based upon the actual achievement of the applicable performance vesting criteria to which the Performance Award is subject (measured as of immediately prior to the Change in Control), taking into account performance through the latest date preceding the Change in Control as to which performance can, as a practical matter, be determined (but not later than the end of the applicable performance period). For clarity, any portion of the Performance Award that has not vested as of immediately prior to a Change in Control (after taking into account the vesting treatment contemplated in the immediately preceding sentence) will be forfeited without cost to the Company, unless otherwise determined by the Board or the Compensation Committee prior to such Change in Control. In addition, if the Time-Vested Award is not assumed, substituted for or otherwise continued by the successor corporation (or a parent or subsidiary thereof) in the event of a Change in Control, or if this Agreement is not assumed or replaced with a substantially similar (or more beneficial) employment agreement (excluding performance-based equity awards) by the successor corporation (or a parent or subsidiary thereof) in the event of a Change in Control, the Time-Vested Award will fully vest and will be settled immediately prior to the consummation of such Change in Control, subject to Employee remaining in Continuous Service through immediately prior to such Change in Control.

(vi) Each of the Special Award, the Time-Vested Award and the Performance Award will be granted under and subject to the terms and conditions of the 2020 Plan and an appropriate form of award agreement approved by the Board or the Compensation Committee for use thereunder. The terms of this Agreement shall be reflected in such award agreement, and in the event of any conflict between the terms of such award agreement and this Agreement, the terms of such award agreement shall govern and control only if it has been executed by Employee.

3. **Term of Employment.** The initial term of Employee's employment under this Agreement shall be for the period beginning on the Effective Date and ending on September __, 2025 (the "**Initial Term**"). On September __, 2025 and on each subsequent annual anniversary thereafter, the term of Employee's employment under this Agreement shall automatically renew and extend for a period of twelve (12) months (each such twelve (12)-month period being a "**Renewal Term**"), unless written notice of non-renewal is delivered by either Party to the other not less than one hundred eighty (180) days prior to the expiration of the then-existing Initial Term or Renewal Term, as applicable. Notwithstanding any other provision of this Agreement, Employee's employment pursuant to this Agreement may be terminated at any time in accordance with Section 7. The period from the Effective Date through the expiration of this Agreement or, if sooner, the termination of Employee's employment pursuant to this Agreement, regardless of the time or reason for such termination, shall be referred to herein as the "**Employment Period**."

4. **Business Expenses.** Subject to Section 22, the Company shall reimburse Employee for Employee's reasonable out-of-pocket business-related expenses actually incurred in the performance of Employee's duties under this Agreement so long as Employee timely submits all documentation for such expenses, as required by Company policy in effect from time to time. Any such reimbursement of expenses shall be made by the Company in accordance with the Company's expense reimbursement policy as in effect from time to time following the receipt of such documentation. In no event shall any reimbursement be made to Employee for any expenses incurred after the date of Employee's termination of employment with the Company.

5. **Benefits.** During the Employment Period, Employee shall be eligible to participate in the same benefit plans and programs in which other similarly situated Company

employees are eligible to participate, subject to the terms and conditions of the applicable plans and programs in effect from time to time. The Company shall not, however, by reason of this Section 6, be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any such plan or policy, so long as such changes are similarly applicable to similarly situated Company employees generally.

6. **Termination of Employment.**

(a) **Company's Right to Terminate Employee's Employment for Cause.** The Company shall have the right to terminate Employee's employment hereunder at any time for Cause. For purposes of this Agreement, "**Cause**" shall mean:

(i) Employee's material breach of this Agreement (including, but not limited to his/her willful failure or refusal to follow any lawful directive of the Board) or any other written agreement between Employee and one or more members of the Company Group;

(ii) Employee is convicted of, or pleads guilty or *nolo contendere* to, any felony, or any misdemeanor involving moral turpitude, in either case other than related to a motor vehicle violation;

(iii) Employee's intentional act of fraud or misrepresentation against the Company or a member of the Company Group, which causes material loss, damage or injury to the property or reputation of the Company or a Company Group member; or

(iv) Employee's breach of any written policy or code of conduct established by a member of the Company Group and applicable to Employee, which causes or can reasonably be expected to cause material loss, damage or injury to the property or reputation of the Company or a Company Group member.

Notwithstanding the foregoing, it shall be a condition precedent to the Company's right to terminate Employee's employment for Cause under Section 7(a)(i), (iii), (iv), or (v) that the Company: (x) first have given Employee written notice stating with specificity the reason for the termination ("**Breach**"), and (y) if such Breach is susceptible of cure or remedy, a period of fifteen (15) days from and after the giving of such notice shall have elapsed without Employee's having effectively cured or remedied such Breach, unless such Breach cannot be cured or remedied within fifteen (15) days, in which case the period for remedy or cure shall be extended for a reasonable time (not to exceed an additional thirty (30) days) provided that the Employee has made and continues to make a diligent effort to effect such remedy or cure within the initial fifteen (15) day period and any such extension.

(a) **Company's Right to Terminate for Convenience.** The Company shall have the right to terminate Employee's employment for convenience at any time and for any reason, or no reason at all, upon written notice to Employee.

(b) **Employee's Right to Terminate for Good Reason.** Employee shall have the right to terminate Employee's employment with the Company at any time for Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean: a resignation by Employee as a result of:

(i) a material diminution in Employee's Base Salary, other than a general reduction in Base Salary that affects all similarly situated executives of the Company in substantially the same proportions;

(ii) an adverse change in title, authorities or responsibilities that materially diminishes Employee's position;

(iii) a material change in the Employee's reporting relationship such that Employee no longer reports directly to the CEO, President or COO of the Company; or

(iv) a breach by any member of the Company Group of any of its obligations under this Agreement or any other written agreement between such member of the Company Group and Employee, which causes or can reasonably be expected to cause material loss, damage or injury to the property or reputation of Employee.

A resignation for Good Reason will not be deemed to have occurred unless Employee gives the Company written notice of the condition within sixty (60) days after the condition comes into existence, the Company fails to remedy the condition within thirty (30) days after receiving Employee's written notice, and the date of Employee's termination of employment must occur within ninety (90) days after the initial occurrence of the condition(s) specified in such notice.

(b) Death. Upon the death of Employee, Employee's employment with the Company and/or all members of the Company Group shall automatically (and without any further action by any person or entity) terminate with no further obligation under this Agreement of either Party, except as expressly provided within this paragraph. Upon the Employee's separation from service (within the meaning of Section 409A (as defined below)) due to death all unvested Company equity compensation awards (other than any Company equity compensation awards that are subject to performance-based or other similar vesting criteria) granted under any equity compensation plan of the Company that are held by Employee as of the date immediately prior to the applicable Termination Date (defined below) shall immediately vest in full and such awards, to the extent applicable, shall immediately become exercisable and be eligible for settlement in accordance with the terms and conditions provided in the applicable award agreements governing such awards.

(c) Employee's Right to Terminate for Convenience. Employee shall have the right to terminate Employee's employment with the Company for convenience at any time and for any other reason, or no reason at all, upon thirty (30) days' advance written notice to the Company; *provided, however*, that if Employee has provided notice to the Company of Employee's termination of employment, the Company may determine, in its sole discretion, that such termination shall be effective on any date prior to the effective date of termination provided in such notice (and, if such earlier date is so required, then it shall not change the basis for Employee's termination of employment nor be construed or interpreted as a termination of employment pursuant to Section 7(b)).

(d) Effect of Termination.

(v) Subject to Section 7(f)(iv), if Employee's employment hereunder is terminated by the Company via expiration and/or non-renewal of the Agreement pursuant to Section 4, without Cause pursuant to Section 7(b), or is terminated by Employee for Good Reason pursuant to Section 7(c), then so long as (and only if) Employee: (1) executes on or before the Release Expiration Date (as defined below), and does not revoke within any time provided by the Company to do so, a release of all claims in a form acceptable to the Company (the "Release") (in the form attached hereto as Exhibit B, as updated if necessary, pursuant to applicable law), which Release shall release each member of the Company Group and their respective affiliates, and the foregoing entities' respective shareholders, members, partners, officers, managers, directors, fiduciaries, employees, representatives, agents and benefit plans (and

fiduciaries of such plans) from any and all claims, including any and all causes of action arising out of Employee's employment with the Company and any other member of the Company Group or the termination of such employment, but excluding all claims to Termination Benefits (as defined below) Employee may have under this Section 7; and (2) abides by the terms of each of Sections 9, 10 and 11, then (a) the Company shall make a severance payment to Employee in an amount equal to the sum of twelve (12) months' worth of Employee's then current Base Salary ("**Severance Payment**"), (b) cause (i) each of Employee's then-outstanding and unvested stock options, restricted stock awards, restricted stock unit awards and any other Company equity compensation awards (other than any Company equity compensation awards that are subject to performance-based or other similar vesting criteria) that was granted to Employee more than one year prior to the date of Employee's termination of employment and (ii) the Special Award to vest in full and, to the extent applicable, become fully exercisable ("**Vesting Acceleration**"), and (c) cause each of Employee's then-outstanding and unexercised stock options (to the extent vested as of Employee's Termination Date) to remain exercisable until the earlier of (i) the date that is three (3) years following Employee's Termination Date, (ii) the expiration date of the stock option, and (iii) in the event of a "Change in Control" (as defined in the 2020 Plan), or any similar transaction, in which the successor corporation (or a parent or subsidiary thereof) does not assume or substitute for the stock option, immediately prior to the effective time of such transaction ("**Post-Termination Exercise Period Extension**").

(vi) If Employee's employment hereunder is terminated in circumstances in which Employee is eligible to receive a Severance Payment under Section 7(f)(i) and Employee satisfies each of the conditions to receive a Severance Payment under Section 7(f)(i), then, if Employee elects to continue coverage for Employee and Employee's spouse and eligible dependents, if any, under the Company's group health plans pursuant to Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**"), the Company shall promptly reimburse Employee on a monthly basis for the difference between the amount Employee pays to effect and continue such coverage and the employee contribution amount that similarly situated employees of the Company pay for the same or similar coverage under such group health plans (the "**COBRA Subsidy**" and together with the Severance Payment, the Vesting Acceleration, and the Post-Termination Exercise Period Extension, the "**Termination Benefits**"). Each payment of the COBRA Subsidy shall be paid to Employee on the Company's first regularly scheduled pay date in the calendar month immediately following the calendar month in which Employee submits to the Company documentation of the applicable premium payment having been paid by Employee, which documentation shall be submitted by Employee to the Company within thirty (30) days following the date on which the applicable premium payment is paid. Employee shall be eligible to receive such reimbursement payments until the earliest of: (1) the date that is twelve (12) months following the Termination Date (the "**COBRA Expiration Date**"); (2) the date Employee is no longer eligible to receive COBRA continuation coverage; and (3) the date on which Employee becomes eligible to receive coverage under a group health plan sponsored by another employer (and any such eligibility shall be promptly reported to the Company by Employee); provided, however, that the election of COBRA continuation coverage and the payment of any premiums due with respect to such COBRA continuation coverage shall remain Employee's sole responsibility, and the Company shall not assume any obligation for payment of any such premiums relating to such COBRA continuation coverage. Notwithstanding the foregoing, if the provision of the benefits described in this Section 7(f)(ii) cannot be provided in the manner described above without penalty, tax or other adverse impact on the Company or any other member of the Company Group, then the Company and Employee shall negotiate in good faith to determine an alternative manner in which the Company may provide substantially

equivalent benefits to Employee without such adverse impact on the Company or such other member of the Company Group.

(vii) Subject to Section 7(f)(v) below, the Severance Payment will be divided into substantially equal installments over the twelve (12)-month period following the date of Employee's applicable separation from service (the "**Termination Date**"). On the Company's first regularly scheduled pay date that is on or after sixty (60) days following the Termination Date (the "**First Payment Date**"), the Company shall pay to Employee, without interest, a number of such installments equal to the number of such installments that would have been paid during the period beginning on the Termination Date and ending on the First Payment Date had the installments been paid on the Company's regularly scheduled pay dates immediately following the Termination Date. Each remaining installments shall be paid on the Company's regularly scheduled pay dates during the remainder of applicable payment period; *provided, however*, that (1) to the extent, if any, that the aggregate amount of the installments of the Severance Payment that would otherwise be paid pursuant to the preceding provisions of this Section 7(f)(i) after March 15 of the calendar year following the calendar year in which the Termination Date occurs (the "**Applicable March 15**") exceeds the maximum exemption amount under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A), then such excess shall be paid to Employee in a lump sum on the Applicable March 15 (or the first Business Day preceding the Applicable March 15 if the Applicable March 15 is not a Business Day) and the installments of the Severance Payment payable after the Applicable March 15 shall be reduced by such excess (beginning with the installment first payable after the Applicable March 15 and continuing with the next succeeding installment until the aggregate reduction equals such excess), and (2) all remaining installments of the Severance Payment, if any, that would otherwise be paid pursuant to the preceding provisions of this Section 7(f)(i) after December 31 of the calendar year following the calendar year in which the Termination Date occurs shall be paid with the installment of the Severance Payment, if any, due in December of the calendar year following the calendar year in which the Termination Date occurs. "**Business Day**" shall mean any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to be closed.

(viii) Notwithstanding anything herein to the contrary, the Severance Payment and COBRA Subsidy (and any portion thereof) shall not be payable if Employee's employment hereunder terminates upon the expiration of the then-existing Initial Term or Renewal Term, as applicable, as a result of a non-renewal of the term of Employee's employment under this Agreement pursuant to Section 4.

(ix) If the Release is not executed and returned to the Company on or before the Release Expiration Date, and the required revocation period has not fully expired without revocation of the Release by Employee, then Employee shall not be entitled to any portion of the Termination Benefits. As used herein, the "**Release Expiration Date**" is that date that is twenty-one (21) days following the date upon which the Company delivers the Release to Employee (which shall occur no later than seven (7) days after the Termination Date) or, in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date.

(a) After-Acquired Evidence. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that Employee is eligible to receive the Termination Benefits pursuant to Section 7(f) but, after such determination, the Company subsequently acquires evidence or determines that: (i) Employee has failed to abide (or

continue to abide) by the terms of Sections 9, 10, or 11; or (ii) a Cause condition existed prior to the Termination Date that, had the Company been fully aware of such condition, would have given the Company the right to terminate Employee's employment pursuant to Section 7(a), then upon written notice to Employee of a good faith reasonable belief of Employee's breach or Cause condition the Employee shall forfeit all unpaid Termination Benefits, and the Company shall have the right to cease the payment of any future installments of the Termination Benefits and Employee's release shall remain in full force and effect, *provided that* such breach or Cause condition must remain uncured thirty (30) days after the Board first provided Employee written notice of the obligation to cure such breach or Cause condition.

1. **Disclosures.**

(e) Employee hereby represents and warrants that as of the Effective Date, there exist no actual or potential Conflicts of Interest (as defined below).

(f) Promptly (and in any event, within three (3) Business Days) upon becoming aware of any actual or potential Conflict of Interest, Employee shall disclose such actual or potential Conflict of Interest to the Board.

(g) A "**Conflict of Interest**" shall exist when Employee engages in, or plans to engage in, any activities, associations, or interests that conflict with, or create an appearance of a conflict with, Employee's duties, responsibilities, authorities, or obligations for and to any member of the Company Group.

2. **Confidentiality.** In the course of Employee's employment with the Company and the performance of Employee's duties on behalf of the Company Group hereunder, Employee will be provided with, and will have access to, Confidential Information (as defined below). In consideration of Employee's receipt and access to such Confidential Information, and as a condition of Employee's employment, Employee shall comply with this Section 9.

(c) Both during the Employment Period and thereafter, except as expressly permitted by this Agreement or by directive of the Board, Employee shall not disclose any Confidential Information to any person or entity and shall not use any Confidential Information except for the benefit of the Company Group. Employee shall follow all Company Group policies and protocols regarding the security of all documents and other materials containing Confidential Information (regardless of the medium on which Confidential Information is stored). The covenants of this Section 9(a) shall apply to all Confidential Information, whether now known or later to become known to Employee during the period that Employee is employed by or affiliated with the Company or any other member of the Company Group.

(d) Notwithstanding any provision of Section 9(a) to the contrary, Employee may make the following disclosures and uses of Confidential Information:

(i) disclosures to other employees of a member of the Company Group who have a need to know the information in connection with the businesses of the Company Group;

(ii) disclosures to customers and suppliers when, in the reasonable and good faith belief of Employee, such disclosure is in connection with Employee's performance of Employee's duties under this Agreement and is in the best interests of the Company Group;

(iii) disclosures and uses that are approved in writing by the Board; or

(iv) disclosures to a person or entity that has (x) been retained by a member of the Company Group to provide services to one or more members of the Company Group and (y) agreed in writing to abide by the terms of a confidentiality agreement.

(h) Upon the expiration of the Employment Period, and at any other time upon request of the Company, Employee shall promptly surrender and deliver to the Company all documents (including electronically stored information) and all copies thereof and all other materials of any nature containing or pertaining to all Confidential Information and any other Company Group property (including any Company Group-issued computer, mobile device or other equipment) in Employee's possession, custody or control and Employee shall not retain any such documents or other materials or property of the Company Group. Within five (5) days of any such request, Employee shall certify to the Company in writing that all such documents, materials and property have been returned to the Company.

(i) All trade secrets, non-public information, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by or disclosed to Employee, individually or in conjunction with others, during the period that Employee is employed by the Company or any other member of the Company Group (whether during business hours or otherwise and whether on the Company's premises or otherwise) that relate to any member of the Company Group's businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or acquisition targets or their requirements, the identity of key contacts within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks) is defined as "**Confidential Information**." Moreover, all documents, videotapes, written presentations, brochures, drawings, memoranda, notes, records, files, correspondence, manuals, models, specifications, computer programs, e-mail, voice mail, electronic databases, maps, drawings, architectural renditions, models and all other writings or materials of any type including or embodying any of such information, ideas, concepts, improvements, discoveries, inventions and other similar forms of expression are and shall be the sole and exclusive property of the Company or the other applicable member of the Company Group and be subject to the same restrictions on disclosure applicable to all Confidential Information pursuant to this Agreement. For purposes of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure or wrongful act of Employee or any of Employee's agents; (ii) was available to Employee on a non-confidential basis before its disclosure by a member of the Company Group; or (iii) becomes available to Employee on a non-confidential basis from a source other than a member of the Company Group; *provided, however*, that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, a member of the Company Group.

(j) Notwithstanding the foregoing, nothing in this Agreement shall prohibit or restrict Employee from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority regarding a possible violation of any law; (ii) responding to any inquiry or legal process directed to Employee from any such governmental authority (including the U.S. Securities and Exchange Commission); (iii) testifying, participating or otherwise assisting in any action or proceeding by any such governmental authority relating to a possible violation of law; or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any

federal or state trade secret law for the disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law; (B) is made to the individual's attorney in relation to a lawsuit for retaliation against the individual for reporting a suspected violation of law; or (C) is made in a complaint or other document filed in a lawsuit or proceeding, if such filing is made under seal. Nothing in this Agreement requires Employee to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company that Employee has engaged in any such conduct.

3. **Non-Competition; Non-Solicitation.**

(b) The Company shall provide Employee Confidential Information for use only during the Employment Period, and Employee acknowledges and agrees that the Company Group will entrust Employee, in Employee's unique and special capacity, with developing the goodwill of the Company Group. In consideration of the Company providing Employee with access to Confidential Information and as an express incentive for the Company to enter into this Agreement and employ Employee hereunder, Employee has voluntarily agreed to the covenants set forth in this Section 10. Employee agrees and acknowledges that the limitations and restrictions set forth herein, including geographical and temporal restrictions on certain competitive activities, are reasonable in all respects, do not interfere with public interests, will not cause Employee undue hardship, and are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the Company Group's Confidential Information, goodwill and legitimate business interests.

(c) During the Prohibited Period, Employee shall not, without the prior written approval of the Board, directly or indirectly, for Employee or on behalf of or in conjunction with any other person or entity of any nature:

(i) engage in or participate, directly or indirectly, in the following conduct: (A) owning, managing, operating, or being an officer or director of, any business that competes with any member of the Company Group in the Market Area related to the Business (except for the ownership of up to 3.0% of the shares of common stock or securities or any entity whose common shares or securities are listed on a national securities exchange), or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with any member of the Company Group in any capacity (with respect to this clause (B)) in which Employee's duties or responsibilities are the same as or similar to the duties or responsibilities that Employee had on behalf of any member of the Company Group;

(ii) solicit, canvass, approach, encourage, entice or induce any customer or supplier of any member of the Company Group with whom or which Employee had personal contact in the course of performing Employee's duties for any member of the Company Group to cease or lessen such customer's or supplier's business with any member of the Company Group; or

(iii) solicit, canvass, approach, encourage, entice or induce any employee or contractor of any member of the Company Group to terminate or reduce his, her or its employment or engagement with any member of the Company Group. This provision shall not prohibit Employee from employing or making an offer of employment to an employee or contractor of any member of the Company Group if such employment and/or offer resulted from a general solicitation or advertisement for applications in a

newspaper, trade publication, on the Internet or other public forum that is not intended to target any employee or contractor of any member of the Company Group.

(k) Because of the difficulty of measuring economic losses to the Company Group as a result of a breach or threatened breach of the covenants set forth in Section 9 and in this Section 10, and because of the immediate and irreparable damage that would be caused to the members of the Company Group for which they would have no other adequate remedy, the Company and each other member of the Company Group shall be entitled to enforce the foregoing covenants, in the event of a breach or threatened breach, by injunctions and restraining orders from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall not be the Company's or any other member of the Company Group's exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company and each other member of the Company Group at law and equity.

(i) If Employee violates his/her obligations during the Prohibited Period and the Company (or relevant member of the Company Group) brings legal action for injunctive or other relief under Sections 9 and/or 10, the applicable Restricted Period shall be tolled by such court of competent jurisdiction so that the Company Group shall not be deprived of the benefit of the full Prohibited Period.

(ii) During the Prohibited Period, Executive expressly agrees to notify any prospective employer or affiliate in the restricted Business and Market Area of his/her obligations during the Prohibited Period and authorizes the Company to make contact with, any person or affiliate reasonably believed by the Company Group to be engaged or about to be engaged in an act that would constitute a violation of Employee's obligations under this Agreement. Employee hereby waives, and releases the Company Group from, any claims whatsoever arising in connection with the Company Group's contact or discussions with such person or affiliate.

(l) The covenants in this Section 10 and each provision and portion hereof, are severable and separate, and the unenforceability of any specific covenant (or portion thereof) shall not affect the provisions of any other covenant (or portion thereof). Moreover, in the event any court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which such court deems reasonable, and this Agreement shall thereby be reformed.

(m) The following terms shall have the following meanings:

(iv) "**Business**" shall mean the business and operations that are the same or similar to those performed (or as to which are proposed to be performed based on plans developed within the twelve (12) month period immediately prior to the Termination Date) by the Company and any other member of the Company Group for which Employee provides services or about which Employee obtains Confidential Information during the Employment Period.

(v) "**Market Area**" shall mean: (A) the United States (and related territories); and (B) and any other geographic area or market where or with respect to which the Company or any other member of the Company Group conducts or has specific plans to conduct the Business on or at any time during the twelve (12) month period prior to the Termination Date.

(vi) “**Prohibited Period**” shall mean the period during which Employee is employed by any member of the Company Group and continuing for a period of twenty-four (24) months following the date that Employee is no longer employed by any member of the Company Group.

1. **Ownership of Intellectual Property.** Employee agrees that the Company shall own, and Employee shall (and hereby does) assign, all right, title and interest (including patent rights, copyrights, trade secret rights, mask work rights, trademark rights, and all other intellectual and industrial property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), works of authorship, designs, know-how, ideas and information authored, created, contributed to, made or conceived or reduced to practice, in whole or in part, by Employee during the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group that relates to the Business (“**Company Intellectual Property**”), and Employee shall promptly disclose all Company Intellectual Property to the Company. All of Employee’s works of authorship and associated copyrights created during the period in which Employee is employed by or affiliated with the Company or any other member of the Company Group and related to the Business shall be deemed to be “works made for hire” within the meaning of the Copyright Act. Employee shall perform, during and after the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group, all acts deemed necessary by the Company to assist each member of the Company Group, at the Company’s expense, in obtaining and enforcing its rights throughout the world in the Company Intellectual Property. Such acts may include execution of documents and assistance or cooperation (i) in the filing, prosecution, registration, and memorialization of assignment of any applicable patents, copyrights, mask work, or other applications, (ii) in the enforcement of any applicable patents, copyrights, mask work, moral rights, trade secrets, or other proprietary rights, and (iii) in other legal proceedings related to the Company Intellectual Property.

2. **Defense of Claims.** The Company shall obtain and maintain directors’ and officers’ liability insurance coverage in effect for Employee during the Employment Period and continuing thereafter so long as Employee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal, arbitrational, administrative or investigative, by reason of the fact that Employee had served in the capacity or capacities referred to herein. During the Employment Period and thereafter, upon request from the Company, Employee shall cooperate with the Company Group in the defense of any claims or actions that may be made by or against any member of the Company Group that relate to Employee’s actual or prior areas of responsibility.

3. **Withholdings; Deductions.** The Company may withhold and deduct from any benefits and payments made or to be made pursuant to this Agreement (a) all federal, state, local and other taxes as may be required pursuant to any law or governmental regulation or ruling and (b) any deductions consented to in writing by Employee.

4. **Title and Headings; Construction.** Titles and headings to Sections hereof are for the purpose of reference only and shall in no way limit, define or otherwise affect the provisions hereof. Unless the context requires otherwise, all references to laws, regulations, contracts, documents, agreements and instruments refer to such laws, regulations, contracts, documents, agreements and instruments as they may be amended from time to time, and references to particular provisions of laws or regulations include a reference to the corresponding provisions of any succeeding law or regulation. All references to “dollars” or “\$” in this Agreement refer to United States dollars. The words “herein”, “hereof”, “hereunder” and other compounds of the word “here” shall refer to the entire Agreement, including all Exhibits attached hereto, and not to any particular provision hereof. Unless the context requires otherwise, the word “or” is not exclusive. Wherever the context so requires, the masculine gender includes the

feminine or neuter, and the singular number includes the plural and conversely. All references to “including” shall be construed as meaning “including without limitation.” Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any party hereto, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the Parties hereto.

5. **Applicable Law; Submission to Jurisdiction.** This Agreement shall in all respects be construed according to the laws of the State of Texas without regard to its conflict of laws principles that would result in the application of the laws of another jurisdiction. With respect to any claim or dispute related to or arising under this Agreement, the Parties hereby recognize and agree that should any resort to a court be necessary and permitted under this Agreement, then they consent to the exclusive jurisdiction, forum and venue of the state and federal courts (as applicable) located in Austin, Texas.

6. **Entire Agreement and Amendment.** This Agreement contain the entire agreement of the parties with respect to the matters covered herein and supersede all prior and contemporaneous agreements and understandings, oral or written, between the Parties hereto concerning the subject matter hereof. This Agreement may be amended only by a written instrument executed by both Parties

7. **Waiver of Breach.** Any waiver of this Agreement must be executed by the Party to be bound by such waiver. No waiver by either Party hereto of a breach of any provision of this Agreement by the other Party, or of compliance with any condition or provision of this Agreement to be performed by such other Party, will operate or be construed as a waiver of any subsequent breach by such other Party or any similar or dissimilar provision or condition at the same or any subsequent time. The failure of either Party to take any action by reason of any breach will not deprive such Party of the right to take action at any time.

8. **Assignment.** This Agreement is personal to Employee, and neither this Agreement nor any rights or obligations hereunder shall be assignable or otherwise transferred by Employee. The Company may assign this Agreement without Employee’s consent, including to any member of the Company Group and to any successor to or acquirer of (whether by merger, purchase or otherwise) all or substantially all of the equity, assets or businesses of the Company.

9. **Notices.** Notices provided for in this Agreement shall be in writing and shall be deemed to have been duly received (a) when delivered in person, (b) when sent by facsimile transmission (with confirmation of transmission) on a Business Day to the number set forth below, if applicable; *provided, however*, that if a notice is sent by facsimile transmission after normal business hours of the recipient or on a non-Business Day, then it shall be deemed to have been received on the next Business Day after it is sent, (c) on the first Business Day after such notice is sent by express overnight courier service, or (d) on the second Business Day following deposit with an internationally-recognized second-day courier service with proof of receipt maintained, in each case, to the following address, as applicable:

If to the Company, addressed to:

Hyllion Holdings Corp
1202 BMC Drive, Suite 100
Cedar Park, TX 78613
Attention: Human Resources

If to Employee, addressed to:

Jon Panzer

At the address maintained in the Company's records

10. **Counterparts**. This Agreement may be executed in any number of counterparts, including by electronic mail or facsimile, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one party, but together signed by both parties hereto.

11. **Deemed Resignations**. Except as otherwise determined by the Board or as otherwise agreed to in writing by Employee and any member of the Company Group prior to the termination of Employee's employment with the Company or any member of the Company Group, any termination of Employee's employment shall constitute, as applicable, an automatic resignation of Employee: (a) as an officer of the Company and each member of the Company Group; (b) from the Board; and (c) from the board of directors or board of managers (or similar governing body) of any member of the Company Group and from the board of directors or board of managers (or similar governing body) of any corporation, limited liability entity, unlimited liability entity or other entity in which any member of the Company Group holds an equity interest and with respect to which board of directors or board of managers (or similar governing body) Employee serves as such Company Group member's designee or other representative.

12. **Section 409A.**

(a) Notwithstanding any provision of this Agreement to the contrary, all provisions of this Agreement are intended to comply with Section 409A of the Internal Revenue Code of 1986 (the “**Code**”), and the applicable Treasury regulations and administrative guidance issued thereunder (collectively, “**Section 409A**”) or an exemption therefrom and shall be construed and administered in accordance with such intent. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. No payment or benefits to be paid to Employee, if any, under this Agreement or otherwise, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A will be paid or otherwise provided until the Employee has a “separation from service” within the meaning of Section 409A.

(b) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A), (i) any such expense reimbursement shall be made by the Company no later than the last day of Employee’s taxable year following the taxable year in which such expense was incurred by Employee, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided*, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period in which the arrangement is in effect.

(c) Notwithstanding any provision in this Agreement to the contrary, if any payment or benefit provided for herein would be subject to additional taxes and interest under Section 409A if Employee’s receipt of such payment or benefit is not delayed until the earlier of (i) the date of Employee’s death or (ii) the date that is six (6) months after the Termination Date (such date, the “**Section 409A Payment Date**”), then such payment or benefit shall not be provided to Employee (or Employee’s estate, if applicable) until the Section 409A Payment Date. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement are exempt from, or compliant with, Section 409A and in no event shall any member of the Company Group be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Employee on account of non-compliance with Section 409A.

2. **Certain Excise Taxes.**

(d) Notwithstanding anything to the contrary in this Agreement, if any payment or benefit Employee would receive from the Company or any other party whether in connection with the provisions of this Agreement or otherwise (“**Payment**”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “**Excise Tax**”), then such Payment shall be equal to the Reduced Amount. The “Reduced Amount” shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax, or (y) the largest portion, up to and including the total, of the Payment, whichever amount ((x) or (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable

marginal rate), results in Employee's receipt of the greatest economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a Reduced Amount will give rise to the greater after tax benefit, the reduction in the Payments shall occur in the following order: (a) reduction of cash payments; (b) cancellation of accelerated vesting of equity awards other than stock options; (c) cancellation of accelerated vesting of stock options; and (d) reduction of other benefits paid to Employee. Within any such category of payments and benefits (that is, (a), (b), (c) or (d)), a reduction shall occur first with respect to amounts that are not "deferred compensation" within the meaning of Section 409A and then with respect to amounts that are. In the event that acceleration of compensation from Employee's equity awards is to be reduced, such acceleration of vesting shall be canceled, subject to the immediately preceding sentence, in the reverse order of the date of grant.

(a) The independent accounting firm engaged by the Company for general accounting and/or tax advisory purposes as of the day prior to the effective date of the event described in Section 280G(b)(2)(A)(i) of the Code shall perform the foregoing calculations. If the independent accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting such event, the Company shall appoint an independent accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such independent accounting firm required to be made hereunder. The independent accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Employee within thirty (30) calendar days after the date on which Employee's right to a Payment is triggered (if requested at that time by the Company or Employee) or such other time as reasonably requested by the Company or Employee. Any good faith determinations of the independent accounting firm made hereunder shall be final, binding and conclusive upon the Company and Employee.

4. **Effect of Termination.** The provisions of Sections 7, 9-13 and 21 and those provisions necessary to interpret and enforce them, shall survive any termination of this Agreement and any termination of the employment relationship between Employee and the Company and/or member of the Company Group.

5. **Third-Party Beneficiaries.** Each member of the Company Group that is not a signatory to this Agreement shall be a third-party beneficiary of Employee's obligations under Sections 8, 9, 10, 11 and 21 and shall be entitled to enforce such obligations as if a party hereto.

6. **Severability.** Other than as set forth in Section 10(d), if a court of competent jurisdiction determines that any provision of this Agreement (or portion thereof) is invalid or unenforceable, then the invalidity or unenforceability of that provision (or portion thereof) shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

7. **Non-Disparagement.** Employee shall not, directly or indirectly, make or cause to be made any disparaging, denigrating, derogatory, negative, misleading, or false statement orally or in writing to any person, including clients or prospective clients, competitors and advisors to the Company Group and members of the investment community or press, about (i) the Company and/or Company Group, or its/their members, managers, officers, employees, agents, or clients, or (ii) the business strategy or plans, policies, practices, or operations of the Company Group. Notwithstanding the foregoing, nothing in this section is intended to prevent Employee from making truthful statements to his attorney of record and/or any other government or law enforcement agency or official, or as otherwise required by applicable subpoena or court order.

IN WITNESS WHEREOF, Employee and the Company each have caused this Agreement to be executed, and intend this Agreement to become effective, as of the Effective Date.

JON PANZER

/s/ Jon Panzer

Name: Jon Panzer

Title : Chief Financial Officer

HYLIION HOLDINGS CORP.

By: /s/ Thomas Healy

Name: Thomas Healy

Title: Chief Executive Officer

CERTIFICATIONS

I, Thomas Healy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hyliion Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2022

By: /s/ Thomas Healy
Thomas Healy
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Jon Panzer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hyliion Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2022

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

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

In connection with the Quarterly Report of Hyliion Holdings Corp. (the “Company”) on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), I, Thomas Healy, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in this Report.

Date: November 8, 2022

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

The foregoing certification is being furnished solely to accompany the report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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

In connection with the Quarterly Report of Hyliion Holdings Corp. (the “Company”) on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), I, Jon Panzer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in this Report.

Date: November 8, 2022

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

The foregoing certification is being furnished solely to accompany the report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.