

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 March 31, 2023

OR

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

For the transition period from _____ to _____

Commission File 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 April 28, 2023, 180,829,019 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 MARCH 31, 2023
TABLE OF CONTENTS
INDEX

	Page
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	1
Condensed Consolidated Balance Sheets	1
Condensed Consolidated Statements of Operations	2
Condensed Consolidated Statements of Changes in Stockholders' Equity	3
Condensed Consolidated Statements of Cash Flows	4
Notes to Condensed Consolidated Financial Statements	5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	13
Item 3. Quantitative and Qualitative Disclosures About Market Risk	20
Item 4. Controls and Procedures	20
 PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	22
Item 1A. Risk Factors	22
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	22
Item 3. Defaults Upon Senior Securities	22
Item 4. Mine Safety Disclosures	22
Item 5. Other Information	22
Item 6. Exhibits	23

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2023 (Unaudited)	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 85,206	\$ 119,468
Accounts receivable	837	1,136
Inventory	869	74
Prepaid expenses and other current assets	15,282	9,795
Short-term investments	196,768	193,740
Total current assets	298,962	324,213
Property and equipment, net	8,303	5,606
Operating lease right-of-use assets	6,168	6,470
Intangible assets, net	222	200
Other assets	1,674	1,686
Long-term investments	103,433	108,568
Total assets	\$ 418,762	\$ 446,743
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 3,028	\$ 2,800
Current portion of operating lease liabilities	454	347
Accrued expenses and other current liabilities	10,567	11,535
Total current liabilities	14,049	14,682
Operating lease liabilities, net of current portion	6,525	6,972
Other liabilities	1,581	1,515
Total liabilities	22,155	23,169
Commitments and contingencies (Note 10)		
Stockholders' equity		
Common stock, \$0.0001 par value; 250,000,000 shares authorized; 180,695,572 and 179,826,309 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	18	18
Additional paid-in capital	399,674	397,810
(Accumulated deficit) retained earnings	(3,085)	25,746
Total stockholders' equity	396,607	423,574
Total liabilities and stockholders' equity	\$ 418,762	\$ 446,743

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 March 31,	
	2023	2022
Revenues		
Product sales and other	\$ 310	\$ 340
Total revenues	310	340
Cost of revenues		
Product sales and other	691	2,099
Total cost of revenues	691	2,099
Gross loss	(381)	(1,759)
Operating expenses		
Research and development	20,918	15,808
Selling, general and administrative	10,981	9,824
Total operating expenses	31,899	25,632
Loss from operations	(32,280)	(27,391)
Interest income	3,462	285
Gain (loss) on disposal of assets	2	(2)
Other expense, net	(15)	—
Net loss	\$ (28,831)	\$ (27,108)
Net loss per share, basic and diluted	\$ (0.16)	\$ (0.16)
Weighted-average shares outstanding, basic and diluted	180,118,044	173,584,573

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

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

Three Months Ended March 31, 2023					
	Common Stock		Additional Paid-In Capital	(Accumulated Deficit) Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2022	179,826,309	\$ 18	\$ 397,810	\$ 25,746	\$ 423,574
Exercise of common stock options and vesting of restricted stock units, net	869,263	—	(176)	—	(176)
Share-based compensation	—	—	2,040	—	2,040
Net loss	—	—	—	(28,831)	(28,831)
Balance at March 31, 2023	<u>180,695,572</u>	<u>\$ 18</u>	<u>\$ 399,674</u>	<u>\$ (3,085)</u>	<u>\$ 396,607</u>

Three Months Ended March 31, 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	<u>173,805,134</u>	<u>\$ 17</u>	<u>\$ 376,266</u>	<u>\$ 151,995</u>	<u>\$ 528,278</u>

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)

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities		
Net loss	\$ (28,831)	\$ (27,108)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	524	270
Amortization and accretion of investments, net	(194)	578
Noncash lease expense	302	303
Inventory write-down	231	1,325
(Gain) loss on disposal of assets	(2)	2
Share-based compensation	2,040	1,563
Changes in operating assets and liabilities:		
Accounts receivable	299	(695)
Inventory	(1,026)	(1,397)
Prepaid expenses and other assets	(5,313)	98
Accounts payable	215	(4,249)
Accrued expenses and other liabilities	(1,144)	219
Operating lease liabilities	(340)	(212)
Net cash used in operating activities	(33,239)	(29,303)
Cash flows from investing activities		
Purchase of property and equipment and other	(2,988)	(209)
Proceeds from sale of property and equipment	2	—
Purchase of investments	(31,394)	(59,234)
Proceeds from sale and maturity of investments	33,533	57,500
Net cash used in investing activities	(847)	(1,943)
Cash flows from financing activities		
Proceeds from exercise of common stock options	19	28
Taxes paid related to net share settlement of equity awards	(195)	(120)
Net cash used in financing activities	(176)	(92)
Net decrease in cash and cash equivalents and restricted cash	(34,262)	(31,338)
Cash and cash equivalents and restricted cash, beginning of period	120,133	259,110
Cash and cash equivalents and restricted cash, end of period	<u>\$ 85,871</u>	<u>\$ 227,772</u>
Supplemental disclosure of noncash investing and financing activities:		
Acquisitions of property and equipment included in accounts payable and other	<u>\$ 255</u>	<u>\$ 282</u>

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

Hyllion Holdings Corp. is a Delaware corporation headquartered in Cedar Park, Texas. References to the “Company,” “Hyllion,” “we,” or “us” in this report refer to Hyllion Holdings Corp. and its wholly-owned subsidiary, unless expressly indicated or the context otherwise requires.

The Company designs and develops hybrid and fully electric powertrain systems for Class 8 semi-trucks, which modify semi-tractors into hybrid and range-extending electric vehicles, respectively. The Company’s hybrid system utilizes intelligent electric drive axles with advanced algorithms and battery technology to optimize vehicle performance, enabling fleets to access an easy, efficient way to decrease fuel expenses, lower emissions and/or improve vehicle performance (“Hybrid”). The Hypertruck ERX™ system utilizes an intelligent electric powertrain with advanced algorithms to optimize emissions performance and efficiency with no new infrastructure required. The Hypertruck ERX system enables fleets to reduce the cost of ownership while providing the ability to deliver net-negative carbon emissions when fueled by renewable natural gas, and operate fully electric when needed.

The Company is currently selling its commercial Hybrid system, and the Hypertruck ERX system is in the design verification phase. Additionally, in 2022 the Company acquired new fuel agnostic capable generator technology with which it plans to develop and commercialize as the Hypertruck KARNO. Finally, the Company recently announced an agreement with Hyzon Motors USA Inc. (“Hyzon”) to jointly develop a prototype fuel cell powered vehicle, with limited research and development in the first phase.

Note 2. Summary of Significant Accounting Policies***Basis of Presentation and Principles of Consolidation***

The accompanying condensed consolidated financial statements include the accounts of Hyllion Holdings Corp. and its wholly-owned subsidiary. Intercompany transactions and balances have been eliminated upon consolidation. The condensed consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and in accordance with the rules and regulations of the United States Securities and Exchange Commission (“SEC”), which permit reduced disclosure for interim periods. The condensed consolidated balance sheet at December 31, 2022 was derived from audited financial statements for the fiscal year then ended, but does not include all necessary disclosures required with respect to annual financial statements. In the opinion of the Company, these condensed consolidated financial statements include all recurring adjustments and normal accruals necessary for a fair presentation of the Company’s financial position, results of operations and cash flows for the dates and periods presented. These condensed consolidated financial statements and accompanying notes should be read in conjunction with the Company’s 2022 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 March 31, 2023, the Company had total equity of \$396.6 million, inclusive of cash and cash equivalents of \$85.2 million and total investments of \$300.2 million. Based on this, the Company has sufficient funds to continue to execute its business strategy for the next twelve months from the issuance date of the financial statements included in this Quarterly Report on Form 10-Q.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the balance sheet date, as well as reported amounts of expenses during the reporting period. The Company’s most significant estimates and judgments involve revenue recognition, inventory, warranties, acquisitions, income taxes and valuation of share-based compensation. Management bases its estimates on historical experience and on various other assumptions believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates, and such differences could be material to the Company’s condensed consolidated financial statements.

Concentration of Supplier Risk

The Company is dependent on certain suppliers, the majority 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 as presented in the condensed consolidated statements of cash flows is summarized as follows:

	March 31, 2023	December 31, 2022	March 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 85,206	\$ 119,468	\$ 227,107	\$ 258,445
Restricted cash included in other assets	665	665	665	665
	<u>\$ 85,871</u>	<u>\$ 120,133</u>	<u>\$ 227,772</u>	<u>\$ 259,110</u>

Accounts Receivable

Accounts receivable are stated at a gross invoice amount, net of an allowance for doubtful accounts. The allowance for doubtful accounts is maintained at a level considered adequate to provide for potential account losses on the balance based on the Company's evaluation of the anticipated impact of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. At March 31, 2023 and December 31, 2022, accounts receivable included amounts receivable from customers of \$0.4 million and \$1.1 million, respectively. At March 31, 2023 and December 31, 2022, allowance for doubtful accounts on customer receivables was \$0.1 million and \$0.1 million, respectively.

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

	March 31, 2023	December 31, 2022
Customer A	87 %	82 %
Customer C	—	12
Customer F	13	—
	<u>100 %</u>	<u>94 %</u>

Investments

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

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

Fair Value Measurements

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

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

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

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

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

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

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

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

taking deposits to secure future Hypertruck ERX production slots. Such deposits were immaterial at March 31, 2023 and December 31, 2022.

When a Class 8 semi-truck with a Hybrid system upfit 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 is summarized as follows and is attributable to the U.S.:

	Three Months Ended March 31,	
	2023	2022
Hybrid systems and other	\$ 54	\$ 340
Class 8 semi-truck prepared for Hybrid system upfit	256	—
Total product sales and other	<u>\$ 310</u>	<u>\$ 340</u>

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

	Three Months Ended March 31,	
	2023	2022
Customer A	87 %	26 %
Customer B	—	22
Customer D	—	26
Customer E	—	17
Customer F	13	—
	<u>100 %</u>	<u>91 %</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 relates to correction of product defects during the warranty period. We recognize the cost of the warranty upon transfer of control based on estimated and historical claims rates and fulfillment costs, which are variable. Should product failure rates and fulfillment costs differ from these estimates, material revisions to the estimated warranty liability would be required. Warranty expense is recorded as a component of cost of revenue.

Note 3. Investments

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

	Amortized Cost	Fair Value Measurements at March 31, 2023		
		Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper	\$ 38,636	\$ —	\$ (100)	\$ 38,536
U.S. government agency bonds	12,442	17	(254)	12,205
State and municipal bonds	35,663	69	(347)	35,385
Corporate bonds and notes	213,460	96	(2,272)	211,284
	<u>\$ 300,201</u>	<u>\$ 182</u>	<u>\$ (2,973)</u>	<u>\$ 297,410</u>

	Amortized Cost	Fair Value Measurements at December 31, 2022		
		Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper	\$ 36,675	\$ 2	\$ (161)	\$ 36,516
U.S. government agency bonds	12,441	6	(328)	12,119
State and municipal bonds	40,104	28	(628)	39,504
Corporate bonds and notes	213,088	76	(3,344)	209,820
	<u>\$ 302,308</u>	<u>\$ 112</u>	<u>\$ (4,461)</u>	<u>\$ 297,959</u>

	March 31, 2023		December 31, 2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	\$ 196,768	\$ 194,405	\$ 193,740	\$ 191,094
Due after one year through five years	103,433	103,005	108,568	106,865
	<u>\$ 300,201</u>	<u>\$ 297,410</u>	<u>\$ 302,308</u>	<u>\$ 297,959</u>

Note 4. Fair Value Measurements

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

	Fair Value Measurements at March 31, 2023			
	Level I	Level II	Level III	Total
Cash and cash equivalents	\$ 85,206	\$ —	\$ —	\$ 85,206
Restricted cash	665	—	—	665
Held-to-maturity investments:				
Commercial paper	—	38,536	—	38,536
U.S. government agency bonds	—	12,205	—	12,205
State and municipal bonds	—	35,385	—	35,385
Corporate bonds and notes	—	211,284	—	211,284
	<u>\$ 85,871</u>	<u>\$ 297,410</u>	<u>\$ —</u>	<u>\$ 383,281</u>

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

Note 5. Inventory

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

	March 31, 2023	December 31, 2022
Raw materials	\$ 761	\$ —
Work in process	—	—
Finished goods	108	74
	<u>\$ 869</u>	<u>\$ 74</u>

During the three months ended March 31, 2023 and 2022, we recorded inventory write-downs of \$0.2 million and \$1.3 million, respectively, included in cost of revenues.

Note 6. Property and Equipment, Net

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

	March 31, 2023	December 31, 2022
Production machinery and equipment	\$ 7,632	\$ 5,897
Vehicles	1,906	817
Leasehold improvements	1,143	1,002
Office furniture and fixtures	199	162
Computers and related equipment	1,530	1,367
	<u>12,410</u>	<u>9,245</u>
Less: accumulated depreciation	<u>(4,107)</u>	<u>(3,639)</u>
Total property and equipment, net	<u>\$ 8,303</u>	<u>\$ 5,606</u>

Note 7. Share-Based Compensation

During the three months ended March 31, 2023 and 2022, the Company granted 2.1 million and 2.0 million, respectively, restricted stock units which will vest over a period of one to three years, some of which include performance criteria based on the achievement of key Company milestones. During the three months ended March 31, 2023 and 2022, 0.2 million and 0.4 million, respectively, restricted stock units and options were forfeited. Share-based compensation expense for the three months ended March 31, 2023 and 2022 was \$2.0 million and \$1.6 million, respectively.

Note 8. Accrued Expenses and Other Current Liabilities

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

	March 31, 2023	December 31, 2022
Accrued professional services and other	\$ 6,490	\$ 5,834
Accrued compensation and related benefits	3,183	4,773
Other accrued liabilities	894	928
	<u>\$ 10,567</u>	<u>\$ 11,535</u>

Note 9. Warranties

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

	Three Months Ended March 31,	
	2023	2022
Balance at beginning of period	\$ 527	\$ 44
Accrual for warranties issued	33	207
Net changes in accrual related to pre-existing warranties	—	(9)
Warranty charges	(25)	(4)
Balance at end of period	<u>\$ 535</u>	<u>\$ 238</u>

Note 10. 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 11. Net Loss Per Share

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

	Three Months Ended March 31,	
	2023	2022
Numerator:		
Net loss attributable to common stockholders	<u>\$ (28,831)</u>	<u>\$ (27,108)</u>
Denominator:		
Weighted average shares outstanding, basic and diluted	<u>180,118,044</u>	<u>173,584,573</u>
Net loss per share, basic and diluted	<u>\$ (0.16)</u>	<u>\$ (0.16)</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 months ended March 31, 2023 and 2022 are summarized as follows:

	Three Months Ended March 31,	
	2023	2022
Unexercised stock options	2,444,263	2,928,756
Unvested restricted stock units*	4,563,859	4,260,994
	7,008,122	7,189,750

* Potential common shares from unvested restricted stock units for the periods ended March 31, 2023 and 2022 include 687,084 and 1,345,000 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 2022 Annual Report.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Form 10-Q”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements, other than statements of historical fact, contained in this Quarterly Report on Form 10-Q are forward-looking statements, including, but not limited to, statements regarding our strategy, prospects, plans, objectives, future operations, future revenue and earnings, projected margins and expenses, markets for our services, potential acquisitions or strategic alliances, financial position, and liquidity and anticipated cash needs and availability. The words “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “plans,” “projects,” “will,” “would,” variations of such words and similar expressions or the negatives thereof are intended to identify forward-looking statements. However, not all forward-looking statements contain these identifying words. These forward-looking statements represent our management’s expectations as of the date of this filing and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We cannot guarantee the accuracy of the forward-looking statements, and you should be aware that results and events could differ materially and adversely from those contained in the forward-looking statements due to a number of risks and uncertainties including, but not limited to, those described in the section entitled “Risk Factors” included in our 2022 Annual Report on Form 10-K and in other documents we file from time to time with the U.S. Securities and Exchange Commission (the “Commission” or the “SEC”) that disclose risks and uncertainties that may affect our business. Readers are urged to carefully review and consider the various disclosures made in this Quarterly Report on Form 10-Q and in other documents we file from time to time with the Commission. Furthermore, such forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, we do not undertake, and expressly disclaim any duty, to publicly update or revise these statements, whether as a result of new information, new developments, or otherwise and even if experience or future changes make it clear that any projected results expressed in this Quarterly Report on Form 10-Q or future quarterly reports, press releases or company statements will not be realized. Unless specifically indicated otherwise, the forward-looking statements in this Quarterly Report on Form 10-Q do not reflect the potential impact of any divestitures, mergers, acquisitions or other business combinations that have not been completed as of the date of this filing. In addition, the inclusion of any statement in this Quarterly Report on Form 10-Q does not constitute an admission by us that the events or circumstances described in such statement are material. We qualify all of our forward-looking statements by these cautionary statements. In addition, the industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors including those described in the section entitled “Risk Factors” included in our 2022 Annual Report on Form 10-K. These and other factors could cause our results to differ materially from those expressed in this Quarterly Report on Form 10-Q.

Overview

Our mission is to be the leading provider of electrified solutions for the commercial vehicle industry as well as other industries. Our goal is to reduce the carbon intensity and greenhouse gas (“GHG”) emissions in the transportation sector by providing electrified solutions for Class 8 vehicles that both aim to reduce the cost of operation and promote the usage of existing fueling infrastructure. Our current products and products under development utilize control software, data analytics, battery systems, fully integrated electric motors, and power electronics to produce our electrified powertrain systems.

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

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

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

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

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

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

In September 2022 we acquired assets including new hydrogen and fuel-agnostic-capable generator technology from General Electric Company's GE Additive business (“KARNO”). 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 emissions standards of the California Air Resources Board (“CARB”) and the U.S. Environmental Protection Agency (“EPA”), even when utilizing conventional fuels. The technology is also expected to achieve a meaningful efficiency improvement over today’s conventional internal combustion engine (“ICE”) generators and could be more efficient than most available fuel cells. We expect these efficiency improvements to in turn enable fuel cost reductions and improved vehicle range while reducing operating costs. The technology should also provide for significant reductions in noise, vibration, moving parts and maintenance compared to conventional ICE generators. The KARNO generator is expected to be capable of operating with over 20 different fuel types including hydrogen, natural gas, propane, ammonia and conventional fossil fuels. The technology uses heat to drive a sealed linear generator to produce electricity. The heat is produced by reacting fuels through a flameless oxidation process. We are currently advancing development of the KARNO generator technology and plan for it to be the primary power source for the Hypertruck KARNO powertrain system (“Hypertruck KARNO system”) which we expect to commercialize in the coming years. We have begun building a Hypertruck KARNO system prototype that we expect to be operational in the second quarter of 2023. Finally, we are pursuing the commercialization of the KARNO generator for stationary power generation applications as well, particularly for electric vehicle charging, and for primary or backup power in buildings, data centers and other applications that could benefit from a low-cost, low-emissions, micro-grid.

In March 2023, we announced a new agreement with Hyzon Motors USA Inc. (“Hyzon”) to develop a fuel cell powered vehicle. This development is part of the third step in our multi-stage product roadmap towards a hydrogen future. The vehicle will use Hyliion’s electric powertrain system and Hyzon’s fuel cell technology as the generator. The powertrain will be integrated into a Peterbilt chassis and may be the predecessor of a future production truck (“Hypertruck Fuel Cell”).

Key Factors Affecting Operating Results

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

Successful Commercialization of Our Drivetrain Solutions

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

The Hybrid system offers fleets a solution that is easy to install, service and operate. It draws upon the real-world feedback we have received from customers and the millions of miles logged with the system. In addition, we continually assess the potential demand impact for the Hybrid system offering in light of recent changes within the competitive landscape.

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

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

We also deployed verification vehicles into controlled fleet trials with customers, where the trucks are used in standard freight hauling operations with the fleets’ customers. Fleet trials provide the opportunity for Hyliion engineers and technicians to closely monitor vehicles operations and obtain feedback from drivers on how well the powertrain functions. Late in 2022, we began subjecting verification vehicles to winter testing where we observed system operation in extremely cold conditions.

Prior to beginning commercialization of the Hypertruck ERX system, which is expected in the second half of 2023, we will complete extended fleet trials with more trucks and more customers and obtain required certifications with CARB, the EPA, and the National Highway Traffic Safety Administration.

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

In the second half of 2023, we plan to first release the Hypertruck ERX system into commercial production leveraging a natural gas engine as the onboard generator. We plan to begin production in the third quarter of 2023 by installing our Hypertruck ERX powertrain system into de-contented chassis from Peterbilt. Our strategy is to begin shifting to become a powertrain company and to sell our solutions directly to the OEMs for them to integrate into their production facilities. We also plan to begin by selling the entire vehicle directly to customers but then transition over time to a business model where OEMs also assume this role.

In future years, we plan to release the Hypertruck KARNØ system, our fuel agnostic variant on our journey to a hydrogen-based future. We will also explore other adjacent markets to leverage the KARNØ technology for cost savings and emissions reductions including stationary power generation. Ultimately, we plan to release a fuel cell powered vehicle that also uses Hyliion’s electric powertrain system.

We anticipate that a substantial portion of our capital resources and efforts in the near future will be focused on the continued development and commercialization of our drivetrain solutions and for working capital purposes as we ramp up production volumes of the Hypertruck ERX system. The amount and timing of our future funding requirements, if any, will depend on many factors, including but not limited to, the pace at which we shift to selling powertrains versus trucks, the scope and results

of our research and development efforts, the breadth of product offerings we plan to commercialize, as well as factors that are outside of our control.

Customer Demand

In 2022, we announced our Founders Program, which enables customers who have committed to our first 210 Hypertruck ERX units to receive an expanded level of service, fueling, maintenance, and operating support as the trucks become available late in 2023. We believe the Founders Program will give customers a greater level of confidence as they shift from diesel-powered trucks to trucks with an electrified powertrain.

Recently, we began revisiting existing agreements with customers, which are non-binding and subject to finalization of terms, with a goal of restructuring and simplifying the Founders program. Specifically, we are seeking to improve economic terms for Hyliion, including having fleets absorb more of the component cost inflation we've experienced over the past year. The likely outcome of these changes is a shift in the mix of participants, the number of trucks purchased by each company and the resulting size of the Founders Program. As we adjust terms and the mix of customers, we expect to see sales directed to a broader range of initial customers which will positively expand the experience base of our customers and drive future sales growth.

We also believe that the successful completion of testing, validation, and certification work we are doing ahead of the Hypertruck launch will be an inflection point for orders as some customers are waiting for final development and certification before placing orders. As these milestones are achieved, we expect to continue to grow our order backlog for additional truck deliveries in 2024 and beyond. We continue to assess leaders in industry and sustainability initiatives for inclusion in other early adopter programs.

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

We began selling the Hybrid system in the fourth quarter of 2021 and generated \$2.1 million in revenue in 2022 from selling Hybrid systems, where our powertrain technology is retrofitted onto existing trucks, and full trucks with the Hybrid system pre-installed. We recorded \$310 thousand in Hybrid sales in the first quarter of 2023, which included a full truck with a Hybrid system installed and other Hybrid systems.

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 contractors for outsourced engineering services and to consultants;
- expenses related to truck components for development and test vehicles, materials, supplies and other third-party services;
- depreciation for equipment used in research and development activities;
- acquired in-process research and development from asset acquisition; and
- allocation of general overhead costs.

We expect to continue to invest in research and development activities to achieve operational and commercial goals and as we develop new platforms that incorporate our Hypertruck ERX system.

Selling, General and Administrative Expense

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

Other Income (Expense)

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

Results of Operations

Comparison of Three Months Ended March 31, 2023 to Three Months Ended March 31, 2022

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

	Three Months Ended March 31,			
	2023	2022	\$ Change	% Change
Revenues				
Product sales and other	\$ 310	\$ 340	\$ (30)	(8.8)%
Total revenues	310	340	(30)	(8.8)%
Cost of revenues				
Product sales and other	691	2,099	(1,408)	(67.1)%
Total cost of revenues	691	2,099	(1,408)	(67.1)%
Gross loss	(381)	(1,759)	1,378	(78.3)%
Operating expenses				
Research and development	20,918	15,808	5,110	32.3 %
Selling, general and administrative expenses	10,981	9,824	1,157	11.8 %
Total operating expenses	31,899	25,632	6,267	24.4 %
Loss from operations	(32,280)	(27,391)	(4,889)	17.8 %
Interest income	3,462	285	3,177	1,114.7 %
Gain (loss) on disposal of assets	2	(2)	4	N/A
Other expense, net	(15)	—	(15)	N/A
Net loss	<u>\$ (28,831)</u>	<u>\$ (27,108)</u>	<u>\$ (1,723)</u>	<u>6.4 %</u>
Net loss per share, basic and diluted	<u>\$ (0.16)</u>	<u>\$ (0.16)</u>	<u>\$ —</u>	<u>— %</u>
Weighted-average shares outstanding, basic and diluted	<u>180,118,044</u>	<u>173,584,573</u>	<u>6,533</u>	<u>3.8 %</u>

Revenue

Sales associated with our Hybrid products were flat. 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 associated with our Hybrid products decreased \$1.4 million. 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 generally when the components are received, which may not coincide with the period in which sales of systems with those components installed are realized. The decrease in cost of revenues includes:

- A decrease in inventory write-downs of \$1.1 million attributable to inventory on hand that had a cost higher than its expected net realizable value as we purchased less inventory in the current quarter;
- A decrease in costs associated with sales of Hybrid systems and class 8 semi-trucks of \$0.1 million; and
- A decrease in 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 as we sold fewer Hybrid systems in the current quarter.

Research and Development

Research and development expenses increased \$5.1 million primarily due to:

- An increase of \$1.7 million for the design and testing of our Hypertruck ERX system including an increase in expenses related to components, services and personnel as we build out our engineering, operations and supply chain teams and associated capabilities; and

- An increase of \$3.4 million for the design and testing of our Hypertruck KARN0 system which was acquired in September 2022.

Selling, General and Administrative

Selling, general, and administrative expenses increased \$1.2 million primarily due to:

- An increase in personnel and benefits of \$1.7 million due to workforce growth over the past year and inflation; partially offset by
- A decrease of \$0.7 million for insurance costs.

Other Income (Expense)

Total other income increased \$3.2 million primarily due to an increase in interest income on investments.

Liquidity and Capital Resources

At March 31, 2023, our current assets were \$299.0 million, consisting primarily of cash and cash equivalents of \$85.2 million, short-term investments of \$196.8 million and prepaid expenses of \$15.3 million. Our current liabilities were \$14.0 million primarily comprised of accounts payable, accrued expenses and operating lease liabilities.

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

Based on our past performance, we believe our current 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 start 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 completing the development and commercialization of the electrified drive systems for Class 8 semi-trucks and scaling the Company's operations to meet anticipated demand. Further, we plan to develop and commercialize (i) the fuel agnostic Hypertruck KARN0 with an anticipated commercial launch a few years after the Hypertruck ERX and (ii) a fuel cell powered vehicle using Hyliion's electric powertrain system. 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."

We have begun taking actions to reduce the rate of spending as we continue to advance our solutions. These actions include reducing capital spending, hiring and other expenses, renegotiating agreements with Founders program customers to improve financial terms for Hyliion, and scaling back the ramp up of truck production to reduce losses and the need for increased working capital. These actions are expected to extend the timeline that existing capital resources can fund company operations prior to reaching profitability or needing to raise additional capital. The amount and timing of our future funding requirements, if any, will depend on many factors, including the pace and results of our research and development efforts, the breadth of product offerings we plan to commercialize, the pace of sales and production growth, as well as factors that are outside of our control.

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 three months ended March 31, 2023 and 2022 is summarized as follows (in thousands):

	Three Months Ended March 31,	
	2023	2022
Cash from operating activities	\$ (33,239)	\$ (29,303)
Cash from investing activities	(847)	(1,943)
Cash from financing activities	(176)	(92)
	<u>\$ (34,262)</u>	<u>\$ (31,338)</u>

Cash from Operating Activities

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

For the three months ended March 31, 2022, cash flows used in operating activities were \$29.3 million. Cash used primarily related to a net loss of \$27.1 million, adjusted for a \$6.2 million change in working capital accounts and \$4.0 million in certain non-cash expenses (including \$4.0 million related to accounts payable, accrued expenses and other liabilities and \$0.7 million related to accounts receivable, partially offset by \$1.6 million related to share-based compensation and \$1.2 million related to depreciation, amortization and accretion charges).

Cash from Investing Activities

For the three months ended March 31, 2023, cash flows used in investing activities were \$0.8 million. Cash used related to the purchase of investments of \$31.4 million and acquired property and equipment of \$3.0 million, offset by the sale or maturity of investments of \$33.5 million.

For the three months ended March 31, 2022, cash flows used in investing activities were \$1.9 million. Cash used primarily related to the purchase of investments totaling \$59.2 million, partially offset by the sale or maturity of investments of \$57.5 million.

Cash from Financing Activities

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

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

Critical Accounting Policies and Estimates

In preparing our condensed consolidated financial statements, we applied the same critical accounting policies as described in our 2022 Annual Report that affect judgments and estimates of amounts recorded for certain assets, liabilities, revenues and expenses.

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 2022 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 March 31, 2023, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time

periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

A description of the risk factors associated with our business is contained in the "Risk Factors" section of our 2022 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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Adoption of Executive Severance Plan

On May 4, 2023, at the recommendation of the Compensation Committee (the "Committee") of the Board of Directors, the Board of Directors of the Company adopted and approved the Hyliion Holdings Corp. Executive Severance Plan (the "Severance Plan") for eligible executives of the Company. The purpose of the Severance Plan is to attract and retain qualified executives by providing participants in the Severance Plan with an opportunity to receive severance benefits in the event of certain qualifying separations from employment with the Company. The new Severance Plan was the result of the Committee's periodic review of the Company's executive compensation and severance arrangements and benchmarking those practices to ensure the competitiveness of the Company in attracting and retaining executive talent.

The Severance Plan provides for severance benefits that are generally consistent with the severance benefits currently maintained in the forms of employment agreement entered into between the named executive officers and the Company. Generally, the Severance Plan provides that upon the separation from employment of a Severance Plan participant, other than for "Cause" (as defined in the Severance Plan) or due to death, disability or retirement, an executive will be eligible to receive: (i) monthly payments of salary continuation, equal to 1/12th of the Participant's gross annual base salary in effect on the date of the qualifying termination, for twelve months (or such other period as the Committee may set for a participant); (ii) reimbursement for the cost of health benefits coverage continuation under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") for up to twelve months (or such other period as the Committee may set for a participant); (iii) immediate vesting for unvested equity awards (other than performance-based awards) granted to the participant more than one year prior to the date of separation; (iv) the continued ability to exercise unvested stock options for up to three years (or the earlier expiration of the option); and (v) vesting of performance-based equity awards based on actual performance with payment prorated for the number of full and partial months the participant was employed by the company during the performance periods applicable to any such awards. The Severance Plan also preserves the existing vesting treatment provided for in the form of employment agreement for named executive officers upon death. To receive benefits under the Severance Plan, participants who experience a qualifying termination must deliver and not subsequently revoke an executed release agreement for the benefit of the Company and its related parties, and must comply with certain restrictive covenants and obligations to the Company.

The Company anticipates that each of Messrs. Panzer, Gallagher, and Oxholm and Ms. Lantz will participate in the Severance Plan, and in connection with their participation will agree to terminate their existing employment agreements with the Company. Each of these executives, if they participate, would be eligible for twelve months of salary continuation and up to twelve months of COBRA continuation coverage as described above.

The above description is a summary of the terms of the Severance Plan and is qualified in its entirety by the full text of the Severance Plan, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Adoption of Form of Change in Control Agreement

Also on May 4, 2023, at the recommendation of the Committee, the Board of Directors of the Company adopted and approved a Form of Change in Control Agreement (the “CIC Agreement”) to be entered into with each of the Company’s named executive officers (including Mr. Healy). The new CIC Agreement was also the result of the Committee’s review of executive severance practices, as described above.

The CIC Agreement provides a standardized approach and benefits in the event that a CIC Agreement participant is separated from the Company under certain circumstances following a “Change in Control” (as that term is defined in the CIC Agreement). To receive the enhanced severance benefits provided under the CIC Agreement, the Company must experience a Change in Control and the executive must subsequently be separated by the Company other than for “Cause”, death or “Disability”, or must resign for “Good Reason” (each as defined in the CIC Agreement), within twelve months of the Change in Control. This is commonly known as a “double trigger” change in control arrangement.

If a CIC Agreement participant is separated from the Company and qualifies for enhanced severance benefits under the CIC Agreement, the individual will be eligible to receive: (i) in the case of a CIC Agreement participant that is a named executive officer, a lump sum payment equal to two times (or in the case of other individuals identified by the Committee to participate in the CIC Agreement, two, one or one-half times) the sum of (a) the CIC Agreement participant’s base salary and (b) the CIC Agreement participant’s target annual bonus (using the greater of the annual bonus for the year in which the Change in Control occurs or the year in which the separation occurs); (ii) coverage for the cost of health benefits coverage continuation under COBRA for up to 12 months (or in the case of the CEO, up to 18 months); (iii) immediate vesting of unvested equity awards (other than performance-based awards); and (iv) vesting of performance-based equity awards based on actual performance with payment prorated for the number of full and partial months the participant was employed by the company during the performance periods applicable to any such awards. To receive benefits under the CIC Agreement, a CIC Agreement participant who experiences a qualifying separation must deliver and not subsequently revoke an executed release agreement for the benefit of the Company and its related parties, and must comply with certain restrictive covenants and obligations to the Company.

Named executive officers, other than Mr. Healy, who choose to enter into the CIC Agreement with the Company will be required, as a condition to entering the agreement, to terminate their existing employment agreements with the Company. The Company anticipates that each of its named executive officers, including Mr. Healy, will enter into the CIC Agreement. Mr. Healy will retain his existing form of employment agreement, which was filed as Exhibit 10.7 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, as it contains additional terms and conditions to other matters including intellectual property ownership.

The above description is a summary of the terms of the CIC Agreement and is qualified in its entirety by the full text of the CIC Agreement, a copy of which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit Number	Description
10.1*	Hyliion Holdings Corp. Executive Severance Plan
10.2*	Form of Change in Control Agreement
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.

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: May 9, 2023

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)

**HYLIION HOLDINGS CORP.
EXECUTIVE SEVERANCE PLAN**

(Effective May 4, 2023)

INTRODUCTION

On May 4, 2023 (the “Effective Date”), the Board of Directors of Hyliion Holdings Corp. (the “Company”) adopted and approved the Hyliion Holding Corp Executive Severance Plan (the “Plan”). The purpose of the Plan is to attract and retain qualified executives for the Company Group (as defined below) by providing participants in the Plan with an opportunity to receive severance benefits in the event of certain terminations of employment from the Company after the Effective Date.

Subject to the provisions of Article 8, the Company intends to continue the Plan, indefinitely, for the sole and exclusive benefit of a select group of highly compensated executive employees of the Company Group who qualify as Participants (as defined below). It is also the intent of the Company to operate this Plan in accordance with those provisions of ERISA that apply to employee welfare benefit plans, as interpreted by regulations prescribed by the Secretary of Labor.

**Article 1
DEFINITIONS**

Section 1.1 “Board” shall mean the Board of Directors of the Company.

Section 1.2 “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 date of the Eligible Executive’s Termination) by the Company Group for which the Eligible Executive provides services or about which Participant obtains Confidential Information during the Eligible Executive’s employment.

Section 1.3 “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.

Section 1.4 “COBRA” means the group health plan continuation requirements of Sections 601 through 607 of ERISA and Section 4980B of the Code.

Section 1.5 “Code” means the Internal Revenue Code of 1986, as amended, or any successor statutes and all applicable rules and regulations promulgated thereunder.

Section 1.6 “Company Group” means the Company and all of its wholly owned direct and indirect subsidiaries.

Section 1.7 “Committee” shall mean the Compensation Committee of the Board, or any successor committee thereto, or such other committee of the Board of Directors consisting solely of two or more “independent directors” (within the meaning of the listing rules of the New York Stock Exchange).

Section 1.8 “Cause” means (and shall be limited to) an Eligible Executive’s:

(a) willful and material failure to perform the duties of his or her employment including, but not limited to, his or her willful failure or refusal to follow any lawful directive of the Board, except in the case of a Qualifying Termination due to Good Reason or on account of the Eligible Executive’s physical or mental inability to perform such duties;

(b) conviction of, or plea of guilty or *nolo contendere* to, any felony, or any misdemeanor involving moral turpitude, in either case other than related to a motor vehicle violation;

(c) intentional or grossly negligent act of fraud or dishonesty against any member of the Company Group, which causes or can reasonably be expected to cause material loss, damage or injury to the rights, property or reputation of any member of the Company Group; or

(d) breach of any written policy or code of conduct established by the Company Group and applicable to the Eligible Executive, which causes or can reasonably be expected to cause material loss, damage or injury to the rights, property or reputation of the Company Group.

Notwithstanding the forgoing, the Company may not terminate the Eligible Executive's employment for Cause under Section 1.8(a), Section 1.8(c), or Section 1.8(d) unless: (x) the Company first provides the Eligible Executive written notice stating with specificity the reasons constituting Cause, and (y) (i) if such reasons constituting Cause are susceptible of cure or remedy, the Eligible Executive fails to cure or remediate the reasons constituting Cause within thirty (30) calendar days from and after the Eligible Executive's receipt of such notice shall have elapsed without the Eligible Executive's having effectively cured or remediated such Breach during such thirty (30)-day period, or (ii) if the Board has agreed that such reasons constituting Cause cannot reasonably be cured or remedied within thirty (30) days of the Eligible Executive receiving written notice, the Eligible Executive fails to cure or remediate the reasons constituting Cause within sixty (60) days of receiving written notice, *provided that* the Eligible Executive makes diligent efforts to effect such remedy or cure throughout such sixty (60) day period. A Termination for Cause under Section 1.8(b) shall be effective immediately upon the Company's written notice of such Termination to the Eligible Executive.

Section 1.9 "Eligible Executive" means an individual who is identified by name on **Exhibit A** attached to this Plan.

Section 1.10 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended and all applicable rules and regulations promulgated thereunder.

Section 1.11 "Good Reason" means a resignation by an Eligible Executive as a result of:

(a) a material diminution in the Eligible Executive's base salary, other than a general reduction in base salary that affects all similarly situated executives of the Company Group in substantially the same proportion;

(b) an adverse change in title, authorities or responsibilities that materially diminishes the Eligible Executive's position;

(c) a material change in the Eligible Executive's reporting relationship such that the Eligible Executive no longer reports directly to, as applicable, the Board (in the case of the Chief Executive Officer), to the Chief Executive Officer, or to any other "executive officer" (as defined in 17 CFR § 240.3b-7) of the Company Group to whom the Eligible Executive previously reported; or

(d) a breach by the Company of any of its obligations under this Plan or any other written agreement between the Eligible Executive and the Company, which in either case causes or can reasonably be expected to cause material loss, damage, or injury to the rights, property or reputation of the Eligible Executive.

A Termination due to Good Reason will not be deemed to have occurred unless the Eligible Executive gives the Company written notice of the condition within sixty (60) days after the condition constituting Good Reason comes into existence, the Company fails to remedy such condition within thirty (30) days after receiving the Eligible Executive's written notice, and the Eligible Executive's Termination due to Good Reason occurs within ninety (90) days after the initial occurrence of the condition(s) specified in such notice.

Section 1.12 "Market Area" shall mean: (a) the United States; and (b) any other geographic area or market where or with respect to which the Company conducts or has specific plans to conduct the Business on or at any time during the twelve (12) month period prior to the date of an Eligible Executive's Termination.

Section 1.13 “Prohibited Period” shall mean the period during which an Eligible Executive is employed by the Company Group and continuing for a period of twenty-four (24) months following the date that Eligible Executive is no longer employed by the Company Group.

Section 1.14 “Participant” means an Eligible Executive who (i) has received and returned to the Company a Participation Agreement in accordance with its terms and (ii) who:

(1) does not, at the time of a Qualifying Termination, have any employment agreement, severance agreement or other agreement with the Company that provides for severance payments or benefits in connection with a Qualifying Termination (other than an agreement providing for different or enhanced severance payments or benefits in the event of a Qualifying Termination following a change in control of the Company);

(2) remains employed with the Company until the date specified by the Company for the Eligible Executive’s Qualifying Termination (except in the case of Eligible Executive’s Qualifying Termination due to Good Reason, in which case satisfaction of this Section 1.14(ii)(2) shall not be an eligibility requirement);

(3) experiences a Qualifying Termination;

(4) executes and delivers to the Company a separation agreement in a customary form provided by and satisfactory to the Company in its sole, reasonable discretion, with such separation agreement becoming effective and irrevocable within sixty (60) days following the Eligible Executive’s Qualifying Termination. Any such separation agreement shall include, without limitation (A) a Release and (B) customary confidentiality, cooperation, and non-disparagement provisions; and

(5) complies with, and continues complying with, Article 4 hereof.

Section 1.15 “Participation Agreement” shall mean the form of Participation Agreement for the Plan attached hereto as **Exhibit B**.

Section 1.16 “Plan Administrator” shall mean the Committee or its delegate.

Section 1.17 “Qualifying Termination” means the Termination, without Cause or for Good Reason, of an Eligible Executive’s employment with any member of the Company Group, *provided that* the term “Qualifying Termination” shall not include an Eligible Executive’s Termination for Cause or due to his or her death, disability or retirement.

Section 1.18 “Reasonably Comparable Employment” shall mean a position of employment that: (a) is reasonably comparable in terms of title, authority and responsibilities, (b) has an annual base salary of not less than ninety percent (90%) of his or her base salary in his or her current position of employment, and (c) is no more than fifty (50) miles from the Eligible Executive’s location of employment for his or her current position of employment.

Section 1.19 “Release” shall mean a release of all claims against the Company Group in substantially the form attached hereto as **Exhibit C** (as the same may be updated from time to time to comply with applicable laws).

Section 1.20 “Release Expiration Date” shall mean that date that is twenty-one (21) days following the date on which the Company delivers a Release to an Eligible Executive (which shall occur no later than seven (7) days after the Qualifying Termination) 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.

Section 1.21 “Section 409A” means Section 409A of the Code.

Section 1.22 “Termination” and “Terminated” mean the termination of an individual’s employment with the Company Group without any right of recall.

Article 2 SEVERANCE BENEFITS

Section 1.1 Severance Benefits. Upon a Qualifying Termination and subject to an Eligible Executive’s qualifying (and continuing to remain qualified as a Participant during the provision of payments and benefits under this Section 2.1), the Company will provide (or provide through a member of the Company Group) to such Participant the following payments and benefits (the “Severance Benefits”):

(a) monthly payments of salary continuation, equal to 1/12th of the Participant’s gross annual base salary in effect on the date of the Qualifying Termination, for the number of months specified opposite the Participant’s name on **Exhibit A** (the “Severance Pay”);

(b) if the Participant properly elects COBRA continuation coverage under the Company’s group medical plan for his/herself (and for his/her spouse and dependents, if any, covered by the Company’s group medical plan the date of the Qualifying Termination), the Company shall reimburse to Participant the cost of such COBRA continuation coverage until the earliest of (i) the date that is the number of months specified opposite the Participant’s name on **Exhibit A** following his or her Qualifying Termination; (ii) the date the Participant is no longer eligible to receive COBRA continuation coverage; and (iii) the date on which the Participant becomes eligible to receive coverage under a group health plan sponsored by another employer of Participant or Participant’s spouse (and any such eligibility shall be promptly reported to the Company by Participant); provided, however, that the election of COBRA continuation coverage and the initial payment of any premiums due with respect to such COBRA continuation coverage shall remain Participant’s sole responsibility, and the Company shall not assume any obligation for the payment of any such premiums relating to such COBRA continuation coverage. Notwithstanding the foregoing, if the provision of the benefits described in this Section 2.1(b) cannot be provided in the manner described above without penalty, tax or other adverse impact on the Company, then the Company and Participant shall negotiate in good faith to determine an alternative manner in which the Company may provide substantially equivalent benefits to Participant without such adverse impact on the Company;

(c) each of the Participant’s then-outstanding and unvested Company stock options, restricted stock awards, restricted stock unit awards and any other Company equity compensation awards (other than any Company equity compensation awards of any kind that are subject to performance-based or other similar vesting criteria, which shall receive the treatment specified in Section 2.1(e)) that were granted to the Participant more than one year prior to the date of the Participant’s Qualifying Termination shall vest in full and, to the extent applicable, become fully exercisable;

(d) each of the Participant’s then-outstanding, vested, and unexercised Company stock options shall remain exercisable until the earlier of (i) the date that is three years following the date of the Participant’s Qualifying Termination, (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 the 2016 Plan), or any similar transaction, in which the successor corporation of the Company (or a parent or subsidiary of such successor corporation) does not assume or provide a reasonable substitute in exchange for the stock option, immediately prior to the effective time of such transaction; and

(e) each of the Participant’s then-outstanding and unvested Company stock options, restricted stock awards, restricted stock unit awards and any other Company equity compensation awards that, in any of the foregoing cases, are subject to performance-based or other similar vesting criteria, shall continue to vest in accordance with the original terms and on the original vesting dates specified for such

awards (other than terms that may be triggered upon one of the events constituting a Qualifying Termination) and shall be paid or distributed to the Participant based on the actual achievement against the performance-based or other similar vesting criteria, *provided that* such payment or distribution shall be prorated by multiplying the amount of such payment or distribution by (i) the number of full and partial months the Participant was employed by the Company during the performance period applicable to such award and (ii) the total number of months within performance period applicable to such award.

For the avoidance of any doubt, the vesting, acceleration, and extended exercise benefits provided by Section 2.1(c), Section 2.1(d), and Section 2.1(e) above with respect to the Participant's outstanding equity compensation awards shall supersede any conflicting provision of any equity incentive plan adopted by the Company or any applicable award agreement thereunder which purports to vest, accelerate, or extend exercise benefits with respect to the Participant's outstanding equity compensation awards in the event of a Qualifying Termination, regardless of whether the Participant's equity compensation was granted by the Company prior to or after the Effective Date, *provided that* such equity compensation awards shall remain subject to all other provisions and requirements of any such equity incentive plan or award agreement (including, for the avoidance of doubt, any forfeiture provision).

Section 1.2 Excluded Events. Notwithstanding Section 2.1 or any other provision of the Plan to the contrary, a Participant who might otherwise qualify to receive Severance Benefits shall not be entitled to Severance Benefits upon the occurrence any of the following events:

- (a) the Participant's employment is transferred without interruption from one division, unit, or member of the Company Group to another within the Company Group;
- (b) except where the Participant could qualify to receive Severance Benefits due to a Qualifying Termination for Good Reason, the Participant is offered Reasonably Comparable Employment (as determined solely by the Plan Administrator) with (i) any member of the Company Group, (ii) a successor to the Company or to any member of the Company Group (by merger, acquisition, or otherwise), or (iii) another company to which the Company has sold a portion of the assets or stock of the Company Group or otherwise transfers or outsources a division, subsidiary, or other unit of the Company Group in which the Eligible Executive is employed; or
- (c) the Eligible Executive voluntarily accepts a position of employment with the Company, any member of the Company Group, or a successor company, whether or not such position of employment constitutes Reasonably Comparable Employment.

Section 1.3 Special Acceleration of Participant's Equity Compensation upon Death. Upon a Termination resulting from Participant's death:

- (a) each of such Participant's then-outstanding and unvested Company stock options, restricted stock awards, restricted stock unit awards and any other Company equity compensation awards (other than any Company equity compensation awards of any kind that are subject to performance-based or other similar vesting criteria, which shall receive the treatment specified in Section 2.3(b)) shall vest in full and, to the extent applicable, become fully exercisable; and
- (b) each of the Participant's then-outstanding and unvested Company stock options, restricted stock awards, restricted stock unit awards and any other Company equity compensation awards that, in any of the foregoing cases, are subject to performance-based or other similar vesting criteria, shall continue to vest in accordance with the original terms and on the original vesting dates specified for such awards (other than terms that may be triggered upon the Participant's death or Termination due to death) and shall be paid or distributed to the Participant's survivors in accordance with Section 3.3, with such payment based on actual achievement against the performance-based or other similar vesting criteria for such award, and *provided further that* such payment or distribution shall be prorated by multiplying the amount of such payment or distribution by (i) the number of full and partial months the Participant was employed by the Company during the performance period applicable to such award and (ii) the total number of months within performance period applicable to such award.

Article 3 METHOD OF PAYMENT

Section 1.1 **Tax Withholding.** Severance Benefits shall be subject to and reduced by all usual and customary federal, state and local income, FICA, FUTA and SUTA tax withholdings. Severance Benefits shall also be reduced by any severance or other pay required to be paid to an employee by the Company or any of its subsidiaries upon a Qualifying Termination pursuant to any federal, state or local law or other municipal ordinance. To the extent that any Severance Benefit results in taxable income to the Participant, the Participant acknowledges and agrees that the Participant shall be fully responsible for the tax effect of such Severance Benefits.

Section 1.2 **Payment of Severance Pay.** The Severance Pay will be divided into substantially equal installments over the number of months specified opposite the Participant's name on **Exhibit A**. On the Company's first regularly-scheduled pay date that is within sixty (60) days after the date of the Participant's Qualifying Termination (the "First Payment Date"), the Company shall pay to Participant, 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 date of the Participant's Qualifying Termination and ending on the First Payment Date had the installments been paid on the Company's regularly-scheduled pay dates on or following the date of the Participant's Qualifying Termination, and each of the remaining installments shall be paid on the Company's regularly-scheduled pay dates during the remainder of the applicable payment period. For purposes of Section 409A, each installment payment of Severance Pay provided under the Plan is, and shall be treated as, a separate and distinct payment, and each such installment payment is intended to comply with the short-term deferral exception to Section 409A.

Section 1.3 **Survival Benefits.** If a Participant dies after a Qualifying Termination but before receiving all Severance Benefits due under the terms of this Plan, the remaining installments of Severance Pay and any other Severance Benefits will be paid, on the same payment dates such would have been paid to the Participant pursuant to Section 3.2 to the Participant's surviving spouse unless the Participant has no legal spouse at his death, in which case the payment will be made to the Participant's surviving children, per stirpes. If the Participant has no surviving spouse or children, the payment will be made to the Participant's estate. Notwithstanding the foregoing, COBRA reimbursement payments pursuant to Section 2.1(b) shall only be paid in respect of, and COBRA continuation benefits shall only be provided for, the Participant's spouse and dependents for whom the Company was providing COBRA reimbursement payments pursuant to Section 2.1(b) at the time of the Participant's death. For the avoidance of doubt, the Company shall have no further obligation to continue paying to Participant's surviving spouse, surviving children, or to the Participant's estate any COBRA reimbursement payment in respect of Participant pursuant to Section 2.1(b) following Participant's death.

Section 1.4 **Incapacity of Participant.** When a payment of a Severance Pay is due under this Plan to a Participant who is unable to take care of his or her own affairs, payment may be made to his or her duly appointed legal guardian or duly authorized power of attorney to keep or apply the same for the Participant's benefit, or otherwise as instructed pursuant to court order.

Article 4 COVENANTS

Section 1.1 **Acknowledgements.**

(a) During an Eligible Executive's employment with the Company Group and the performance of his or her duties on behalf of the Company Group, the Eligible Executive will be provided with, and will have access to, confidential, proprietary, and non-public information of the Company Group ("Confidential Information") for use only during his or her employment. Each Eligible Executive acknowledges and agrees that the Company will also be entrusting the Eligible Executive, in the Eligible Executive's unique and special capacity, with developing the goodwill for the Company Group. In consideration of the Company providing Eligible Executives with access to Confidential Information, and as an express incentive for the Company to provide each Eligible Executive with the opportunity to become a Participant under this Plan, each Eligible Executive is voluntarily agreeing (both in his or her

capacity as an Eligible Executive and, to the extent applicable, as a Participant) to the covenants set forth in this Article 4.

(b) Each Eligible Executive agrees and acknowledges that any limitations and restrictions set forth herein, including any geographical and temporal restrictions on certain activities, are reasonable in all respects, do not interfere with public interests, will not cause the Eligible Executive undue hardship, and are material and substantial parts of this Plan intended and necessary to prevent unfair competition and to protect the Confidential Information and the Company Group's goodwill and legitimate business interests.

Section 1.2 Non-Competition; Non-Solicitation.

(a) During the Prohibited Period, an Eligible Executive shall not, without the prior written approval of the Board, directly or indirectly, for such Eligible Executive 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: (1) owning, managing, operating, or being an officer or director of, any business that competes with the Company Group in the Market Area related to the Business (except for the ownership of up to three percent (3.0%) of the shares of common stock or securities of any entity whose common shares or securities are listed on a national securities exchange), or (2) 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 the Company Group in any capacity (with respect to this clause (2)) in which the Eligible Executive's duties or responsibilities are the same as or similar to the duties or responsibilities that Eligible Executive had on behalf of the Company Group;

(ii) solicit, canvass, approach, encourage, entice or induce any customer or supplier of the Company Group with whom or which the Eligible Executive had personal contact in the course of performing his or her 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 an Eligible Executive 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.

Section 1.3 Nondisparagement. No Eligible Executive shall, at any time while employed by the Company Group or thereafter, 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 4.4 shall preclude an Eligible Executive from making truthful statements that are required by applicable law, regulation or legal process.

Section 1.4 Enforcement. 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 this Article 4, and because of the immediate and irreparable damage that would be caused to the Company Group for which they would have no other adequate remedy, the Company and each 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 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 an Eligible Executive violates his or her obligations under Section 4.3 during the Prohibited Period and the Company (or relevant member of the Company Group) brings legal action for injunctive or other relief under this Article 4, the Prohibited 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, each Eligible Executive expressly agrees to notify any prospective employer or affiliate in the restricted Business and Market Area of his or her obligations during the Prohibited Period and authorizes the Company Group to contact 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 the Eligible Executive's obligations under this Article 4. Each Eligible Executive 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.

(iii) If an Eligible Employee violates his or her obligations under this Article 4 or under any agreement between the Eligible Executive and the Company providing for the protection of the Company's intellectual property or Confidential Information at any time while he or she is receiving Severance Benefits under this Plan, the Company shall be entitled, in addition to any other rights provided for under this Plan, to (1) determine that the Eligible Employee no longer qualifies as a Participant, (2) discontinue any future payments or reimbursements in respect of the Severance Benefits, and (3) take such actions as are available to the Company to seek recovery of the value of any Severance Benefits.

Section 1.5 Rights of Disclosure. Notwithstanding any of the foregoing restrictions of this Article 4, nothing in this Agreement prohibits, limits, or restricts, or shall be construed to prohibit, limit, or restrict, an Eligible Executive from exercising any legally protected whistleblower rights (including pursuant to Section 21F of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder), without notice to or consent from the Company. Moreover, the federal Defend Trade Secrets Act of 2016 immunizes an Eligible Executive against criminal and civil liability under federal or state trade secret laws - under certain circumstances - if an Eligible Executive discloses a trade secret for the purpose of reporting a suspected violation of law. Immunity is available if an Eligible Executive discloses a trade secret in either of these two circumstances: (1) the Eligible Executive discloses the trade secret (a) in confidence, (b) directly or indirectly to a government official (federal, state or local) or to a lawyer, and (c) solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a legal proceeding, the Eligible Executive discloses the trade secret in the complaint or other documents filed in the case, so long as the document is filed "under seal" (meaning that it is not accessible to the public).

Section 1.6 Severability. The covenants in this Article 4 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 any 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 Plan shall thereby be reformed.

Article 5

COORDINATION WITH OTHER PLANS, AGREEMENTS AND BENEFITS

Section 1.1 Effect of Payment of Severance Benefits. The payment of Severance Benefits under this Plan will not give rise to any implication of continued employment or of continued right to

accrual of benefits under any qualified or nonqualified pension benefit plan. A Participant's rights or entitlement to benefits under such qualified or nonqualified pension plans shall be determined in accordance with the terms and conditions of such plans. Furthermore, a Participant will not accrue vacation days, paid holidays, paid sick days or other similar benefits normally associated with employment because of the payment of Severance Benefits hereunder. Except as otherwise required by law, all accrued but unused vacation will be paid on the first pay date following the date of the Participant's Qualifying Termination.

Section 1.2 No Right to Continued Insurance Benefits. Following a Qualifying Termination, a Participant will not be entitled to the continuation of any medical, dental, or life insurance benefits except (a) as permitted under COBRA or (b) any conversion or other continuation privileges expressly provided for in such benefit plans.

Section 1.3 Other Severance Payments or Benefits. To the extent (and only to the extent) that a payment or benefit that is to be provided under this Plan has been paid or provided for the same purpose under the terms of another applicable plan, program, agreement or arrangement, including any employment or severance arrangement between the Participant and the Company, then any payment or benefit under this Plan shall be deemed to have been satisfied by the payment made under such applicable plan, program, agreement or arrangement.

Article 6 ADMINISTRATION

Section 1.1 Named Fiduciary. The Plan Administrator is the "named fiduciary" under the Plan and may be contacted at the following address and phone number:

Plan Administrator
Hyllion Holdings Corp.
1202 BMC Drive, Suite 100
Cedar Park, TX 78613

Section 1.2 Powers. The Plan Administrator will have all powers necessary for or helpful to administering the Plan in all its details. This authority includes, but is not limited to: (a) determining whether an Eligible Executive qualifies as a Participant; (b) determining the amount of Severance Benefit to which a Participant is entitled; (c) determining the time at which Severance Benefits are to be paid or provided; (d) making rules and regulations for the administration of the Plan that are consistent with the terms and provisions of the Plan; (e) interpreting and construing all terms, provisions, conditions, and limitations of the Plan; (f) resolving ambiguities, correcting deficiencies, and supplying omissions; and (g) determining all questions arising out of, or in connection with, claims related to the Plan.

Section 1.3 Discretion. The Plan Administrator will have the full discretion to exercise the powers conferred by this Plan, and all such acts and determinations will be final, binding and conclusive upon all interested parties. Consequently, Severance Benefits under this Plan will be paid only if the Plan Administrator determines, in its sole discretion, that Participants are entitled to them.

Section 1.4 Delegation of Authority. In performing its duties and responsibilities as Plan Administrator, the Company may act through or delegate its authority to such officers or employees of the Company that the Plan Administrator may designate from time to time. Such individual or individuals shall not, however, be deemed a fiduciary or fiduciaries of the Plan.

Section 1.5 Reliance and Limitation of Liability. The Plan Administrator, and any delegate thereof or person acting on its behalf, shall be entitled to, in good faith, rely or act upon any report or other information furnished to it, him, or her by any officer or employee of the Company, the Company's certified public accountants, consultants or any other agent assisting in the administration of the Plan. The Plan Administrator, any delegate thereof, and any officer or employee of the Company acting at the direction or on behalf of the Plan Administrator shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

Article 7 CLAIMS PROCEDURE

Section 1.1 **Initial Claims.** The Company will notify an Eligible Executive at the time of Termination what Severance Benefit, if any, he or she will receive under the Plan. If an Eligible Executive or other Company employee (collectively referred to in this Article 7 as an “employee”) believes that he or she is entitled to receive a Severance Benefit or additional benefits under the Plan, he or she must submit a claim for benefits in writing to the Plan Administrator. Any claim for benefits must be received by the Plan Administrator within sixty (60) days after the date of the employee’s Termination.

Section 1.2 **Initial Disposition.** The Plan Administrator will, within ninety (90) days after receipt of such written claim, send by certified mail a written notification to the employee as to its disposition of the claim. If a claim for a Severance Benefits or additional benefits under the Plan is denied, in whole or in part, such written notification will (a) state the specific reasons for the denial of the claim, (b) make specific reference to pertinent Plan provisions on which the denial is based, (c) provide a description of any additional material or information required by the Plan Administrator to reconsider the claim (to the extent applicable) and an explanation of why such material or information is necessary, and (d) a description of the Plan’s review procedure and time limits applicable to such procedures, including a statement of the Participant’s or eligible employee’s right to bring a civil action under Section 502(a) of ERISA following a claim denial on review.

Section 1.3 **Right to Appeal.** Any claimant whose claim for a Severance Benefit or additional benefits is denied may request a review of the decision denying his claim. The claimant or his or her duly authorized representative must submit a written request for review to the Plan Administrator within sixty (60) days after receiving the notice of denial. When making a request for review, a claimant (or his or her authorized representative) may review documents pertinent to his or her claim (and shall have the right to be provided, upon request and free of charge, reasonable access to and copies of all pertinent documents, records, and other information that is relevant to the claim for Severance Benefits) and submit, in writing, issues and comments in support of his or her position.

Section 1.4 **Disposition of Appeal.** The decision on review will be completed and furnished to the claimant in writing within sixty (60) days after receipt of the request for review and will include specific reasons for the decision and references to pertinent Plan provisions on which the denial was based. All decisions of the Plan Administrator are final.

Section 1.5 **Disposition by Default.** If the Plan Administrator fails to take any action required by it within the time limits specified above, the claim will be deemed denied as of the latest date by which such action should have been taken.

Section 1.6 **Plan Documents.** All Participants are entitled to examine, without charge, at the Plan Administrator’s office and at other locations specified by the Plan Administrator, all documents governing the Plan, and upon written request to the Plan Administrator, obtain copies of all Plan documents for a reasonable charge.

Section 1.7 **Steps to Enforce Rights under ERISA.** Under ERISA, there are steps a Participant can take to enforce the rights described in this Article 8, for instance:

(a) If a Participant makes a written request to the Plan Administrator for documents relating to the Plan and does not receive them within thirty (30) days, the Participant may file suit in federal court. In such a case, the federal court may require the Plan Administrator to provide the materials and pay up to \$110 a day until such materials are provided, unless the materials were not provided because of reasons beyond the control of the Plan Administrator.

(b) If a Participant’s claim for Severance Benefits is denied or ignored, in whole or in part, the Participant may file suit in a state or federal court after exhausting the administrative procedures provided for in the Plan.

(c) If the Participant is discriminated against for asserting his or her rights under ERISA, the Participant may seek assistance from the U.S Department of Labor or may file suit in federal court. The court will decide who will be responsible for paying costs and legal fees. If a Participant is successful, the court may order the individual or entity sued to pay these costs and fees. If the Participant loses, the court may order the Participant to pay these costs and fees, as may be the case if the court finds a Participant's claim to be frivolous.

Section 1.8 General Plan Information.

Plan Name: Hyliion Holdings Corp. Executive Severance Plan

Plan Sponsor: Hyliion Holdings Corp., 1202 BMC DRIVE, SUITE 100, CEDAR PARK, TX, 78613

Telephone: 833-495-4466

Plan Sponsor's Federal EIN: 83-2538002

Plan Number: 002

Effective Date of Plan: May 4, 2023

Plan Year: January 1 to December 31

Type of Plan: Employee welfare benefit plan under Section 3(1) of ERISA

Plan Funding: Paid from the general assets of the Company

Plan Administrator: Compensation Committee of the Board of Directors of Hyliion Holdings Corp., 1202 BMC DRIVE, SUITE 100, CEDAR PARK, TX, 78613

Telephone: 833-495-4466

Attention: Corporate Secretary

Service of Legal Process: Hyliion Holdings Corp., 1202 BMC DRIVE, SUITE 100, CEDAR PARK, TX, 78613

Telephone: 833-495-4466

Attention: General Counsel

Service of Legal Process may also be made upon the Plan Administrator

Type of Plan Administration: The Plan is self-administered by the Compensation Committee of the Board of Directors of Hyliion Holdings Corp.

Article 8
AMENDMENT AND TERMINATION OF THE PLAN

Section 1.1 Amendment. The Company shall have the right, by action of the Committee, in its sole and final discretion, to amend the Plan at any time and from time to time to any extent which the Committee may deem advisable. A certified copy of the resolutions of the Committee approving and adopting such amendment will be delivered to the Plan Administrator; and the Plan will be amended in

the manner and effective as of the date set forth in such resolution; and all Eligible Executives, Participants, and all others having any interest under the Plan shall be bound thereby.

Section 1.2 Termination. The Company shall have the right, by action of the Committee, in its sole and final discretion, to terminate the Plan at any time. A certified copy of the resolutions of the Committee will be delivered to the Plan Administrator; and the Plan shall be terminated as of the date specified in such resolution.

Section 1.3 Effect of Amendment or Termination on Payable Severance Benefits. The amendment or termination of this Plan will not reduce or eliminate any Severance Benefit payable to a Participant who incurs a Termination before such date of termination of the Plan.

Article 9 TAX MATTERS

Section 1.1 Section 409A.

(a) This Plan is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with such intent. Payments and benefits provided under this Plan may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments to be made under this Plan upon a Qualifying Termination that are “nonqualified deferred compensation” within the meaning of Section 409A, instead of payments that are exempt from Section 409A, shall only be made upon a “separation from service” within the meaning of Section 409A. In the event any provision of this Plan fails to satisfy Section 409A, then such provision shall be reformed to comply with Section 409A. Further, if and to the extent that the Plan Administrator determines that it is necessary, in order to comply with Section 409A with respect to any Participant who also participates in any other Company plan, program, agreement, or arrangement, the Plan Administrator may require that any amount payable under this Plan be paid at the time and in the form applicable for payments of a similar type (even if in a different amount) under such plan, program, arrangement, or agreement.

(b) Notwithstanding any other provision of this Plan, if any payment or benefit provided to a Participant in connection with his or her Qualifying Termination is determined to constitute “nonqualified deferred compensation” within the meaning of Section 409A and the Participant is determined to be a “specified employee” as defined for purposes of Section 409A, then notwithstanding any provisions of this Plan such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the Qualifying Termination or, if earlier, on the Executive’s death (the “**Specified Employee Payment Date**”). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to the Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

(c) To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Plan shall be provided in accordance with the following: (i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (ii) any reimbursement of an eligible expense shall be paid to the Participant on or before the last day of the calendar year following the calendar year in which the expense was incurred; and (iii) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

(d) If the period in which a Participant must provide an effective and irrevocable separation agreement pursuant to the definition of “Participant” begins in one calendar year and ends in the next calendar year, then, to the extent necessary to comply with Section 409A, payment of any benefits under this Plan shall be made (or shall commence) in the later of such two calendar years.

Section 1.2 No Tax Gross-Ups. In no event shall any provision of this Plan be construed to require the Company to provide any gross-up or reimbursement for the tax consequences of any provisions of, or payments or benefits under, this Plan.

Article 10 GENERAL PROVISIONS

Section 1.1 Unfunded Plan. The Plan is an unfunded employee welfare benefit plan as defined in Section 3(1) of ERISA. All Severance Benefits provided for under this plain shall be paid from the general assets of the Company No Participant or Eligible Executive or any other person shall have any rights to or interest in any specific assets or accounts of the Company by reason of the Plan.

Section 1.2 No Right to Continued Employment. Nothing in this Plan will be deemed to give any employee of the Company the right to be retained in the employ of the Company, or to interfere with the right of the Company to discharge any employee at any time, for any lawful reason or for no reason, with or without notice.

Section 1.3 Company Right of Set-Off. The Company may, to the extent permitted by applicable law, set off of any amounts payable to it by the Participant against any amounts that the Company may owe to the Participant from time to time under the Plan; *provided that*, except to the extent permitted by Section 409A of the Code, such offset shall not apply to amounts that are a “deferral of compensation” within the meaning of Section 409A of the Code.

Section 1.4 Clawback. Any amounts payable under the Plan are subject to any policy (whether in existence as of the Effective Date or later adopted) established by the Company providing for clawback or recovery of amounts that were paid to the Participant. The Company will make any determination for clawback or recovery in its sole discretion and in accordance with such policy and any applicable laws or regulations.

Section 1.5 No Transfer or Assignment by Participant or Eligible Executive. Except as otherwise provided herein or by law, no right or interest of any individual under the Plan will be assignable or transferable by any employee of the Company, in whole or in part, either directly or otherwise.

Section 1.6 Successors. The Plan will be binding upon any successor to the Company, its assets, its businesses or its interest, in the same manner and to the same extent that the Company would be obligated under the Plan if no succession had taken place. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by the Plan, the Company shall require any successor to the Company to expressly and unconditionally assume the Plan in writing and to honor the obligations of the Company hereunder, in the same manner and to the same extent that the Company would be required to perform if no succession had taken place.

Section 1.7 Headings and Subheadings. Headings and subheadings contained in the Plan are intended solely for convenience and no provision of the Plan is to be construed by reference to the heading or subheading of any section or paragraph.

Section 1.8 Waiver. Any party’s failure to enforce any provision or provisions of the Plan will not in any way be construed as a waiver of any such provision or provisions, nor prevent any party from thereafter enforcing each and every other provision of the Plan.

Section 1.9 Governing Law. This Plan will be governed by, and construed in accordance with, the laws of the State of Delaware, except as preempted by ERISA or other applicable federal law.

* * * * *

IN WITNESS WHEREOF, the Plan has been executed on this 4th day of May 2023, to be effective on the Effective Date.

HYLIION HOLDINGS CORP.

By: /s/ Thomas Healy

Name: Thomas Healy

Title: President and Chief Executive Officer

EXHIBIT A
List of Eligible Executives

Name [CEO] ¹ [Other Eligible Executives]	Number of Months of Separation Pay	Number of Months of COBRA
	36	18
	12	12

¹ If participating.

EXHIBIT B
Participation Agreement

[Company Letterhead]

[Date]

By Hand Delivery

[Name]
[Title]
[Address]

RE: Participation Agreement for Hyliion Holdings Corp. Executive Severance Plan

Dear [Name],

The Compensation Committee of the Board of Directors (the “Committee”) of Hyliion Holdings Corp. (the “Company”) hereby extends to you the opportunity to be a Participant in the Company’s Executive Severance Plan (the “Plan”). The Committee approved the Plan effective as of _____, 2023. Defined terms used herein but not otherwise defined have the meanings assigned to such terms in the Plan document.

A Participant in the Plan is eligible to receive, and the Company is obligated to pay, severance benefits if the Participant’s employment is terminated under certain circumstances described in the Plan. The Plan is designed to provide Severance Benefits (including Severance Pay, reimbursement for health benefits continuation payments under COBRA, and enhanced equity treatment) in the event of a Qualifying Termination.

Your participation and eligibility for, and the Company’s obligation to pay, Severance Benefits under the Plan are at all times subject to the terms and conditions set forth in the Plan document, a copy of which is attached hereto and the terms of which are incorporated by reference into this Participation Agreement.

By signing this Participation Agreement, you acknowledge and agree that your right to receive, and the Company’s obligation to provide, any benefits under the Plan is subject to all of the terms and conditions of the Plan, including your compliance with the restrictive covenants set forth in Article 4 of the Plan and the timely execution and non-revocation of a separation agreement and Release and the satisfaction of the other conditions to Severance Benefits set out in the Plan. You also acknowledge and agree that, solely with respect to the treatment of your outstanding equity compensation awards following a Qualifying Termination, the terms of the Plan serve as an amendment to any current or future equity incentive plan of the Company and any award agreement thereunder with respect to such equity compensation.

[Signature page follows.]

Please indicate your acceptance of the terms and conditions of the Plan and this Participation Agreement by signing this Participation Agreement where indicated below, and returning it to [Jose Oxholm] within ten (10) business days of the date first set forth above.

Sincerely,

[Name]
[Title]

Accepted by: _____
[Name]

Date: _____

EXHIBIT C
Form of Release

This release (the “Release”) is entered into by Hyliion Holdings Corp. (the “Company”) and _____ (“Executive”) pursuant to the Company’s Executive Severance Plan, effective as of [_____] (the “Plan”). This is the Release referenced in Section 1.14 of the Plan, and capitalized terms used, but not defined, in this Release shall have the meanings provided for them in the Plan.

In exchange for and as a condition of receiving Severance Benefits as a Participant in the Plan, the parties agree as follows:

1. Release and Covenant Not To Sue. Executive, on behalf of Executive’s self and Executive’s heirs, administrators, executors, and assigns, forever releases the Company, each member of the Company Group, and each of the Company’s and each member of the Company Group’s respective successors, assigns, predecessors, affiliates, divisions, directors, officers, shareholders, employees, representatives, agents, counsel, and insurers, and any persons acting with them (collectively “Released Parties”) from, and covenants not to bring suit or otherwise institute legal proceedings against any of them arising in whole or in part from, all claims that Executive now has or may have or that Executive may hereafter have of any nature whatsoever, that arose out of or are related to any matter occurring prior to the effective date, be they common law or statutory, legal or equitable, in contract or tort, including but not limited to: (a) all claims arising out of or in any way relating to Executive’s employment with or separation of employment from the Company Group or its affiliates; (b) all claims for compensation or benefits, including salary, commissions, bonuses, vacation pay, expense reimbursements, severance pay, fringe benefits, stock options, restricted stock units or any other ownership interests in the Company or any member of the Company Group, including, without limitation, any claims arising under any employment, severance, or other agreement between the Company or any member of the Company Group and Executive; (c) all claims for breach of under any employment agreement between the Company or any member of the Company Group and Executive or any other breach of contract, wrongful termination, breach of the implied covenant of good faith and fair dealing or breach of any policy, plan or practice; (d) all tort claims, including claims for fraud, defamation, invasion of privacy and emotional distress; (e) all other common law claims; and (f) all claims (including claims for discrimination, harassment, retaliation, attorney’s fees, expenses or otherwise) that were or could have been asserted by Executive or on Executive’s behalf in any federal, state, or local court, commission, or agency, or under any federal, state, local, employment, services or other law, regulation, ordinance, constitutional provision, executive order or other source of law, including without limitation under any of the following laws, as amended from time to time: (i) the Age Discrimination in Employment Act of 1967, as amended; (ii) Title VII of the Civil Rights Act of 1964, as amended; (iii) the Civil Rights Act of 1991, as amended; (iv) Sections 1981 through 1988 of Title 42 of the United States Code, as amended; (v) the Employee Retirement Income Security Act of 1974, as amended; (vi) the Immigration Reform Control Act, as amended; (vii) the Americans with Disabilities Act of 1990, as amended; (viii) the National Labor Relations Act, as amended; (ix) the Occupational Safety and Health Act, as amended; (x) the Fair Labor Standards Act; (xi) New York Human Rights Law; (xii) including the West Virginia Human Rights Act; (xiii) Massachusetts Wage Act; (xiv) S.D. Codified Laws § 20-7-11; (xv) N.D. Cent. Code § 9-13-02; (xvi) any state or federal, state or local anti-discrimination law, (xvii) any state or federal, state or local wage and hour, overage or payment law; (xviii) any other local, state or federal law, regulation or ordinance in the United States of America and in any jurisdiction anywhere in the world; (xix) any public policy, contract, tort, or common law claim; (g) any allegation for costs, fees, or other expenses including attorneys’ fees incurred in the matters referenced herein; and (h) 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 Released Party (collectively, the “Released Claims”). This Release does not waive any right that cannot be waived by law.

Executive hereby represents and warrants that (s)he has not filed or reported any claims or complaints in any forum and that (s)he has not assigned to any third party or filed with any agency or court any claim released by this Section, except for any claims, reports or information filed with or provided to the Securities and Exchange Commission (the “SEC”) or other government agency or court confidentially pursuant to Section 21F of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Executive is not waiving any claim for workers' compensation, although Executive acknowledges (s)he has not sustained a work-related injury or illness and has no intent to file a claim against the Company as a result of any work-related injury or illness sustained in the course of her, his or their employment with the Company or any member of the Company Group. Nothing in this Release prohibits Executive from filing a charge with the Equal Employment Opportunity Commission, National Labor Relations Board or a comparable state or local administrative agency related to Executive's employment or separation of employment. Executive does forever waive Executive's right to recover or receive any monetary damages, attorneys' fees, back pay, reinstatement or injunctive relief from the Released Parties relating to any matter whatsoever up to the date of this Agreement. However, nothing in this Release (i) prohibits, limits or restricts, or shall be construed to prohibit, limit or restrict, 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 any member of the Company Group, or (ii) to the extent required by law, prohibits or shall be construed to prohibit Executive from receiving a reward from the SEC 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.

2. Wavier of Unknown Claims. If and to the extent Executive is a resident of California or California law may apply to this Agreement, Executive understands and expressly agrees that this Agreement extends to all claims of every nature and kind whatsoever, known and unknown, suspected or unsuspected, past or present, which the Executive has or may have against the Released Parties, and the Executive hereby knowingly waives any and all rights and protections under Section 1542 of the California Civil Code, which states:

1542. GENERAL RELEASE - CLAIMS EXTINGUISHED.

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HER, HIS OR THEIR SETTLEMENT WITH THE DEBTOR.

Executive agrees that this waiver is an essential and material term of this Agreement, without which this document would not have been executed. For all purposes of this Agreement, the term "creditor" as used and referred to in Section 1542 of the California Civil Code means and includes Executive.²

3. Consideration of Release by Executive.

a. The Company hereby advises Executive and Executive acknowledges that Executive has been so advised, to consult with an attorney before executing this Release.

b. Executive acknowledges that, before entering into this Release, Executive had twenty-one (21) calendar days after receipt of this Release (the "Consideration Period") to consider this Release before signing it. Executive and the Company agree that no changes to this Release will re-start the Consideration Period. If Executive signs this Release, the date on which (s)he signs the Release shall be the "Execution Date." In the event Executive executes and returns this Release prior to the end of the Consideration Period, (s)he acknowledges that Executive's decision to do so was voluntary and that (s)he had the opportunity to consider this Release for the entire Consideration Period. If Executive works from West Virginia, Executive acknowledges receipt of the toll-free West Virginia State Bar Association phone number 1-866-989-8227.

c. The Parties agree that this Release will not become effective until seven (7) calendar days (or, if Executive works from the State of Minnesota fifteen (15) calendar days) after the Execution Date and that Executive may, within seven (7) calendar days (or, if Executive works from the State of Minnesota fifteen (15) calendar days) after the Execution Date, revoke the Release in its entirety by providing written notice to [_____] at the Company. If written notice of revocation is not received by the Company by the eighth (8th) day (or, if Executive works from the State of Minnesota by

² Provision to be included only for California based employee.

the sixteenth (16th) calendar day) after the Execution Date, this Release will become effective and enforceable on that day (the “Effective Date”).

Executive represents and agrees that (s)he has fully read and understands the meaning of this Release and is voluntarily entering into this Release with the intention of giving up all claims against the Company and the Released Parties.

EXECUTIVE HYLHON HOLDINGS CORP.

By:_____ By:_____

Name:_____ Name:_____

Date: _____ Title:_____

Date:_____

FORM OF CHANGE IN CONTROL AGREEMENT

This AGREEMENT ("Agreement") is dated as of ____, 2023, by and between HYLIION HOLDINGS CORP., a Delaware corporation (the "Company"), and ____ (the "Employee").

RECITALS:

WHEREAS, the Company desires to employ the Employee or, if the Employee is currently employed by the Company, the Company desires to continue to employ the Employee;

WHEREAS, the Company desires to set forth the general terms of the Employee's employment with the Company in connection with a Change in Control (as defined below);

WHEREAS, the Employee is a key employee who is expected to make, or to continue to make, significant contributions to the profitability, growth and financial strength of the Company and its Subsidiaries (as defined below);

WHEREAS, the Company recognizes that, as is the case with most publicly held companies, the possibility of a Change in Control (or threatened Change in Control) of the Company exists;

WHEREAS, the Company desires to assure itself and its Subsidiaries of continuity of management in the event of a Change in Control or threatened Change in Control and desires to establish certain minimum compensation rights for key employees, including the Employee, applicable in the event of a Change in Control;

WHEREAS, the Company desires to ensure that key employees are not prevented, directly or indirectly, or distracted from discharging their duties upon a Change in Control or threatened Change in Control; and

WHEREAS, the Employee is willing to render services to the Company in reliance upon the promises and other terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and undertakings set forth below, the Company and the Employee hereby agree as follows.

1. Certain Definitions. For the purposes of this Agreement, the following terms shall have the respective meanings set forth below:

- (a) "Applicable Multiplier" means [____].¹
- (b) "Board" means the Board of Directors of the Company.
- (c) "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 or any Subsidiary for which Employee provides services or about which Employee obtains Confidential Information during his or her employment by the Company.
- (d) "Cause" means that, prior to any termination pursuant to Section 5(b) hereof for "Cause", the Employee shall have committed:

¹ Applicable Multiplier shall mean "two (2)" for all named executive officers, and for other individuals identified by the Committee to receive this Agreement may mean "two (2)", "one (1)", or "one-half (0.5)".

- (1) an intentional act of fraud, embezzlement or theft in connection with his or her duties or in the course of his or her employment with the Company or any Subsidiary;
- (2) intentional wrongful damage to property of the Company or any Subsidiary;
- (3) intentional wrongful disclosure of secret processes or confidential information of the Company or any Subsidiary;
- (4) conviction for a criminal offense (other than minor traffic offenses); or
- (5) a breach of any of Employee's obligations under Section 10 of this Agreement, or any other intentional wrongful engagement in any competitive activity which would constitute a material breach of the duty of loyalty,

and any such act shall have been materially harmful to the Company and its Subsidiaries taken as a whole. For purposes of this Agreement, no act, or failure to act, on the part of the Employee shall be deemed "intentional" if it was due primarily to an error in judgment or negligence, but shall be deemed "intentional" only if done, or omitted to be done, by the Employee not in good faith and without reasonable belief that his or her action or omission was in or not opposed to the best interest of the Company and its Subsidiaries.

Notwithstanding the foregoing, the Employee shall not be deemed to have been terminated for "Cause" hereunder unless and until there shall have been delivered to the Employee a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the Board then in office at a meeting of the Board called and held for such purpose (after reasonable notice to the Employee and an opportunity for the Employee, together with his or her counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Employee had committed an act set forth above in this Section 1(c) and specifying the particulars thereof in detail. Nothing herein shall limit the right of the Employee or his or her beneficiaries to contest the validity or propriety of any such determination.

(e) "Change in Control" means the occurrence of any of the following during the Term:

- (1) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of either: (A) the then-outstanding shares of common stock of the Company (the "Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors ("Voting Stock"); provided, however, that for purposes of this subsection (1), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, (iv) any acquisition by any Person (or more than one Person acting as a group) that owns more than fifty (50) percent of the Company Common Stock or Voting Stock and acquires additional shares, or (v) any acquisition by any Person pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (3) below; or

- (2) individuals who, as of the date hereof, constitute the Board (as modified by this subsection (2), the “Incumbent Board”), cease for any reason (other than death or disability) to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be considered as though such individual were a member of the Incumbent Board, but excluding for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
- (3) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company Common Stock and Voting Stock immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to such Business Combination, of the Company Common Stock and Voting Stock of the Company, as the case may be, (B) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) sponsored or maintained by the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, more than fifty percent (50%) of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board providing for such Business Combination; or
- (4) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

A “Change in Control” will be deemed to occur (i) with respect to a Change in Control pursuant to subsection (1) above, on the date that any Person becomes the beneficial owner of more than fifty percent (50%) of either the Company Common Stock or the Voting Stock, (ii) with respect to a Change in Control pursuant to subsection (2) above, on the date the members of the Incumbent Board first cease for any reason (other than death or disability) to constitute at least a majority of the Board, (iii) with respect to a Change in Control pursuant to subsection (3) above, on the date the applicable transaction closes and (iv) with respect to a Change in Control pursuant to subsection (4) above, on the date of the stockholder approval.

Notwithstanding the foregoing provisions, a "Change in Control" shall not be deemed to have occurred for purposes of this Agreement solely because of a change in control of any Subsidiary by which the Employee may be employed.

- (f) "Date of Termination" means the date on which the Employee incurs a "separation from service," within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended ("Code"), with the Company and its Subsidiaries.
- (g) "Disabled" means (i) the Employee has become permanently disabled within the meaning of, and begins actually to receive disability benefits pursuant to, the long-term disability plan ("LTD Plan") in effect immediately prior to the Change in Control for key employees of the Company and its Subsidiaries, or (ii) if no such LTD Plan is then in effect, a physician reasonably acceptable to each of the Employee and the Company has determined that the Employee is, and, for a period of twelve (12) months or more, will be, unable to perform the duties and obligations of the Employee to the Company, even with reasonable accommodation by the Company.
- (h) "Good Reason" means:
 - (1) the failure to elect, reelect or otherwise maintain the Employee in the offices or positions in the Company or any Subsidiary which the Employee held immediately prior to a Change in Control, or the removal of the Employee as a director of the Company (or any successor thereto) if the Employee shall have been a director of the Company immediately prior to the Change in Control;
 - (2) a material reduction in the nature or scope of the responsibilities or duties attached to the position or positions with the Company and its Subsidiaries which the Employee held immediately prior to the Change in Control;
 - (3) a material reduction in the Employee's Base Pay (as that term is hereafter defined);
 - (4) a material reduction in the aggregate of the Employee's Incentive Pay opportunity (as "Incentive Pay" is hereafter defined) provided by the Company, including but not limited to a reduction in aggregate target bonus percentage or aggregate target award opportunity (whether measured by dollar amount or management objectives);
 - (5) the termination of the Employee's rights to any material Employee Benefits (as that term is hereafter defined) to which he or she was entitled immediately prior to the Change in Control or a material reduction in scope or value thereof without the prior written consent of the Employee;
 - (6) the liquidation, dissolution, merger, consolidation or reorganization of the Company or transfer of all or a significant portion of its business and/or assets, unless the successor or successors (by liquidation, merger, consolidation, reorganization or otherwise) to which all or a significant portion of its business and/or assets have been transferred (directly or by operation of law) shall have assumed all duties and obligations of the Company under this Agreement pursuant to Section 13 hereof;
 - (7) the Company shall relocate its principal executive offices, or the Company or any Subsidiary shall require the Employee to have his or her principal location of work changed, to any location which is in excess of 50 miles from the location thereof immediately prior to the Change in

Control or the Company or any Subsidiary shall require the Employee to travel away from his or her office in the course of discharging his or her responsibilities or duties hereunder significantly more (in terms of either consecutive days or aggregate days in any calendar year) than was required of him or her prior to the Change in Control without, in either case, the Employee's prior written consent; or

- (8) without limiting the generality or the effect of the foregoing, any material breach of this Agreement by the Company or any successor thereto.

The Employee is not entitled to assert that his or her termination is for Good Reason unless the Employee gives the Company written notice of the event or events that are the basis for such claim within ninety (90) days after the event or events occur, describing such claim in reasonably sufficient detail to allow the Company to address the event or events and a period of not less than thirty (30) days after delivering such written notice to the Company to cure the alleged condition.

- (i) "Nonsolicitation Period" shall mean the period of Employee's employment or services with the Company or Subsidiary and the twenty-four (24) months following the Date of Termination; except that if a court or arbitrator finds that a twenty-four (24) month Nonsolicitation Period is not reasonably necessary to protect legitimate business interests of the Company or a Subsidiary, the Nonsolicitation Period shall be the period of Employee's employment with the Company or Subsidiary and eighteen (18) months immediately following the Date of Termination; except that if a court or arbitrator finds that a eighteen (18) month Nonsolicitation Period is not reasonably necessary to protect legitimate business interests of the Company or a Subsidiary, the Nonsolicitation Period shall be the period of Employee's employment with the Company or Subsidiary and twelve (12) months immediately following the Date of Termination.
- (j) "Restriction Period" shall mean the twelve (12) months immediately following the Date of Termination; except that if a court or arbitrator finds that a twelve (12) month Restriction Period is not reasonably necessary to protect legitimate business interests of the Company or a Subsidiary, the Restriction Period shall be the period of Employee's employment or services with the Company or Subsidiary and nine (9) months immediately following the Date of Termination; except that if a court or arbitrator finds that a nine (9) month Restriction Period is not reasonably necessary to protect legitimate business interests of the Company or a Subsidiary, the Restriction Period shall be the period of Employee's employment or services with the Company and six (6) months immediately following the Date of Termination.
- (k) "Severance Amount" means the amount resulting from multiplying: (1) the Applicable Multiplier *times* (2) the sum of (i) the Employee's Base Pay and (ii) the higher of the dollar amount that would have been paid to Employee upon achievement of the target level of performance under (x) the Company's annual incentive plan or annual incentive bonus in effect for Employee on the Date of Termination and (Y) the annual incentive plan or annual incentive bonus in effect for Employee in the fiscal year of the Change in Control as such plan was in effect immediately prior to the Change in Control.
- (l) "Subsidiary" means a corporation, company or other entity (i) more than fifty percent (50%) of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture or unincorporated association), but more than fifty percent (50%) of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter owned or controlled, directly or indirectly, by the

Company, but such corporation, company or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists.

- (m) “Term” means the period commencing as of the date hereof and expiring as of the close of business two years from the date of the Agreement, provided, however, that (i) commencing on January 1, 2025 and each January 1 thereafter, the Term shall automatically be extended for an additional year unless, not later than September 30 of the year immediately preceding such January 1, the Company or the Employee shall have given notice that it or he/she, as the case may be, does not wish to have the Term extended and (ii) upon a Change in Control, the Term shall be extended to the third anniversary of such Change in Control. Notwithstanding the foregoing, subject to Section 11 hereof, if, at any time prior to a Change in Control, the Employee for any reason is no longer an employee of the Company or a Subsidiary, thereupon the Term shall be deemed to have expired.
- (n) “Territory” means (i) the United States; and (ii) any other geographic area or market where or with respect to which the Company conducts or has specific plans to conduct the Business on or at any time during the twelve (12) month period prior to the date of the Employee’s Date of Termination.

- 2. Acknowledgment of Consideration. The Employee agrees that this Agreement was entered into for good and valuable consideration, including, but not limited to the Company’s employment or continued employment of the Employee, the Company’s provision of Confidential Information (as defined below) to the Employee, and the compensation and benefits associated with that employment.
- 3. Employment Prior to a Change in Control. Prior to a Change in Control, the following terms shall govern the Employee’s employment.
 - (a) Employment. The Employee understands and agrees that nothing in this Agreement constitutes an express or implied contract, or any promise or commitment, guaranteeing continued employment with the Company.
 - (b) General Employment Duties. The Employee agrees to diligently perform his or her job duties as may be assigned by the Company to the best of his or her ability. The Employee will keep informed of the Company’s policies, procedures, and practices, and will comply with them at all times. The Employee also agrees that, while employed by the Company, the Employee shall not engage in any activity that might impair or otherwise interfere with the proper performance of the Employee’s duties or responsibilities.
- 4. Employment Following a Change in Control. Effective only upon a Change in Control, the following terms shall apply:
 - (a) The Employee shall devote substantially all of his or her time during normal business hours (subject to vacations, sick leave and other absences in accordance with the policies of the Company and its Subsidiaries as in effect for key employees immediately prior to the Change in Control) to the business and affairs of the Company and its Subsidiaries, but nothing in this Agreement shall preclude the Employee from devoting reasonable periods of time during normal business hours to (i) serving as a director, trustee or member of or participant in any organization or business so long as such activity is not directly competitive with the business of the Company as then being carried on, (ii) engaging in charitable and community activities, or (iii) managing his or her personal investments.
 - (b) For his or her services pursuant to Section 4(a), the Employee shall (i) be paid an annual base salary at a rate not less than the Employee’s annual fixed or base

compensation (payable monthly or otherwise as in effect for key employees of the Company immediately prior to the occurrence of a Change in Control) or such higher rate as may be approved from time to time by the Board, the Compensation Committee thereof or management (which base salary at such rate is herein referred to as "Base Pay") and (ii) have a bona fide opportunity to earn an annual amount equal to not less than the annual bonus, incentive or other opportunity for payments of cash compensation in addition to the amounts referred to in clause (i) above made or to be made in regard to services rendered in any calendar year during the year in which the Change in Control occurred pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar policy, plan, program or arrangement of the Company or any Subsidiary or any successor thereto providing an annual cash bonus opportunity at least equal to the cash bonus opportunity payable thereunder (in both value and achievability) prior to a Change in Control ("Incentive Pay"); provided, however, that with (but only with) the prior written consent of the Employee, nothing herein shall preclude a change in the mix between Base Pay and Incentive Pay so long as the aggregate annual cash compensation opportunity for the Employee in any one calendar year is not reduced in connection therewith or as a result thereof; and provided further, however, that in no event shall any increase in the Employee's aggregate cash compensation or any portion thereof in any way diminish any other obligation of the Company under this Agreement.

- (c) For his or her services pursuant to Section 4(a), the Employee shall be a full participant in, and shall be entitled to the perquisites, benefits and service credit for benefits as provided under, any and all employee retirement, income and welfare benefit policies, plans, programs or arrangements in which key employees of the Company or its Subsidiaries participate, including without limitation any stock option, stock purchase, stock appreciation, restricted stock grant, savings, pension, supplemental retirement or other retirement, income or welfare benefit, deferred compensation, group and/or executive life, health, medical/hospital or other insurance (whether funded by actual insurance or self-insured by the Company or any Subsidiary), disability, salary continuation, expense reimbursement, financial planning and other employee benefit policies, plans, programs or arrangements that may now exist or any equivalent successor policies, plans, programs, or arrangements that may be adopted hereafter by the Company or any Subsidiary providing perquisites, benefits and service credit for benefits at least equal to those provided or are payable thereunder prior to a Change in Control (collectively, "Employee Benefits"). If and to the extent such perquisites, benefits or service credit for benefits are not payable or provided under any such policy, plan, program or arrangement as a result of the amendment or termination thereof, then the Company shall itself pay or provide therefor. Nothing in this Agreement shall preclude improvement or enhancement of any such Employee Benefits, provided that no such improvement shall in any way diminish any other obligation of the Company under this Agreement.

5. Termination of Employment Following a Change in Control.

- (a) Death or Disability. The Employee's employment shall terminate automatically if the Employee dies or becomes Disabled following a Change in Control.
- (b) Cause. The Company may terminate the Employee's employment for Cause or without Cause following a Change in Control.
- (c) Good Reason. The Employee's employment may be terminated by the Employee for Good Reason or by the Employee voluntarily without Good Reason following a Change in Control.
- (d) Notice of Termination. Any termination by the Company for Cause, or by the Employee for Good Reason, shall be communicated by Notice of Termination to the

other party hereto given in accordance with Section 13(b). “Notice of Termination” means a written notice that (1) indicates the specific termination provision in this Agreement relied upon, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Employee’s employment under the provision so indicated, and (3) if the termination date is other than the date of receipt of such notice, specifies the termination date (which termination date shall be not more than thirty (30) days after the giving of such notice). The failure by the Employee or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of the Employee or the Company, respectively, hereunder or preclude the Employee or the Company, respectively, from asserting such fact or circumstance in enforcing the Employee’s or the Company’s respective rights hereunder.

6. Exclusive Obligations of the Company upon Certain Terminations Following a Change in Control.

- (a) Resignation for Good Reason; Termination Other Than for Cause, death or Disability. If, within one (1) year following a Change in Control, (X) the Company terminates the Employee’s employment other than for Cause, death, or Disability or (Y) the Employee resigns for Good Reason, the Company shall pay to the Employee (or the Employee’s estate or beneficiary, in the event of the Employee’s death after the Date of Termination), at the time specified herein (except as otherwise provided by Section 13(d)), the following amounts:

- (1) a lump sum payment equal to the Severance Amount; and
- (2) if COBRA continuation coverage is properly elected under the Company’s group medical plan by the Employee (and his/her spouse and dependents, if any, covered by the Company’s group medical plan on his/her Date of Termination), the Company shall pay the cost of such COBRA continuation coverage for the Employee (and such spouse and dependents) for ² months following his/her Date of Termination (or such shorter period during which such person is eligible for COBRA continuation coverage). To the extent that coverage or benefits provided under this Section 6(a)(3) results in taxable income to the Employee, the Employee acknowledges and agrees that the Employee is fully responsible for the tax effect of the provision of such coverage or benefits.

In addition to the foregoing payments, with respect to equity compensation awards of the Company held by the Employee as of the Date of termination: (i) any equity compensation award for which vesting is based on the passage of time shall be accelerated, vest in full, and become immediately exercisable, distributable, or payable; and (ii) any equity compensation award for which vesting is based on the achievement of performance conditions shall be paid or distributed to the Employee at the same time as such equity compensation award is paid or distributed according at the original time specified for such award in the applicable award agreement and based on the achievement of the performance conditions applicable to such award, *provided that* such payment or distribution shall be prorated by multiplying the amount of such payment or distribution by (A) the number of full and partial months the Employee was employed by the Company during the performance period applicable to such award and (B) the total number of months within performance period applicable to such award.

The payments to be made and the benefits to be provided under this Section 6(a) (other than with respect to equity compensation awards based on the achievement of performance conditions) shall be payable and shall start being provided within sixty (60) business days following the Date of Termination, provided all conditions to payment

² This is 18 for the CEO and 12 for others.

have been satisfied. If such sixty (60) day period begins in one calendar year and ends in the following calendar year, the Employee shall not have the right to designate the calendar year of payment of any lump sum amount.

- (b) Release. As a condition to receiving payments under this Section 6, no later than forty-five (45) days after having been presented such release by the Company, the Employee shall have executed and delivered to the Company a general release of claims in favor of the Company, its current and former Subsidiaries, affiliates and stockholders, and the current and former directors, officers, employees and agents of the Company in substantially the form set forth on Exhibit A attached hereto, and the Employee's general release shall have become irrevocable.
7. No Set-Off; Company's Obligations; Mitigation. The Company's obligation to make the payments provided for in this Agreement and otherwise timely perform its payment and other obligations hereunder shall not be limited, reduced or otherwise affected by any set-off, counterclaim, recoupment, defense, or other claim, right or action that the Company has or may have against the Employee or others. The Employee shall not be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Employee obtains other employment.
8. Reimbursement of Legal Fees. Effective only upon a Change in Control, it is the intent of the Company that the Employee not be required to incur the expenses associated with the enforcement or defense of his or her rights under this Agreement following such a Change in Control by litigation or other legal action because the cost and expense thereof could substantially diminish the benefits and payments intended to be extended to the Employee hereunder following a Change in Control. Accordingly, following a Change in Control, if the Employee retains counsel of the Employee's choice in the reasonable belief that the Company has failed to comply with any of its obligations under this Agreement which arose following a Change in Control or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any litigation designed to deny, or to recover from, the Employee the benefits provided or intended to be provided to the Employee hereunder, the Company will reimburse the Employee for the fees and expenses paid to such counsel, *provided that* such reimbursement shall be conditioned upon the Employee prevailing in any respect in connection with the interpretation, enforcement or defense of any of the Employee's rights under this Agreement. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed) to the extent the Company receives written evidence of such fees and expenses. Any such reimbursements or expenses shall be paid as soon as practicable following the resolution of the dispute but in no event later than the end of the first taxable year of the Employee in which the Company and the Employee have entered into a legally binding settlement of such dispute, the Company concedes that such reimbursements or expenses are payable, or the Company is required to make such reimbursement and pay such expenses pursuant to a final and nonappealable judgment or other binding decision. Notwithstanding any existing or prior attorney-client relationship between the Company and counsel retained by Employee for purposes of this Section 8, the Company irrevocably consents to the Employee's entering into an attorney-client relationship with such counsel, and in that connection the Company and the Employee agree that a confidential relationship shall exist between the Employee and such counsel.
9. Section 280G.
- (a) Notwithstanding any other provision of this Agreement or other agreement, contract, or understanding heretofore or hereafter entered into by the Employee with the Company or any Subsidiary, except an agreement, contract, or understanding that expressly addresses Section 280G or Section 4999 of the Code (an "Other Agreement"), and notwithstanding any formal or informal plan or other arrangement for the direct or indirect provision of

compensation to the Employee (including groups or classes of Employees or beneficiaries of which the Employee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Employee (a “Benefit Arrangement”), if the Employee is a “disqualified individual,” as defined in Section 280G(c) of the Code, any right to receive any payment or other benefit under this Agreement shall not become due (i) to the extent that such right to payment or benefit, taking into account all other rights, payments, or benefits to or for the Employee under this Agreement, all Other Agreements, and all Benefit Arrangements, would cause any payment or benefit to the Employee under this Agreement to be considered a “parachute payment” within the meaning of Section 280G(b)(2) of the Code as then in effect (a “Parachute Payment”), and (ii) if, as a result of receiving a Parachute Payment, the aggregate after-tax amounts received by the Employee from the Company under this Agreement, all Other Agreements, and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the Employee without causing any such payment or benefit to be considered a Parachute Payment. In the event that the receipt of any such right to payment or benefit under this Agreement, in conjunction with all other rights, payments, or benefits to or for the Employee under any Other Agreement or any Benefit Arrangement would cause the Employee to be considered to have received a Parachute Payment under this Agreement that would have the effect of decreasing the after-tax amount received by the Employee as described in clause (ii) of the preceding sentence, then the Employee shall have the right, in the Employee’s sole discretion, to designate those rights, payments, or benefits under this Agreement, any Other Agreements, and any Benefit Arrangements that should be reduced or eliminated so as to avoid having the payment or benefit to the Employee under this Agreement be deemed to be a Parachute Payment.

- (b) At the time that payments are made under this Agreement, the Company will provide the Employee with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations, including any opinions or other advice the Company received from tax counsel, its auditor, or other advisors or consultants (and any such opinions or advice which are in writing will be attached to the statement). All such calculations and opinions shall be binding on the Company and the Employee.

10. Covenants of Employee.

- (a) Confidentiality. During Employee’s employment with the Company or a Subsidiary, Employee may receive special training and/or be given access to or may become acquainted with Confidential Information of the Company or a Subsidiary. As used in this section, “Confidential Information” of the Company means all trade practices, business plans, price lists, supplier lists and data, customer lists and data, marketing plans, financial information, product development, employee lists and data, software and all other compilations of information which relate to the business of the Company or a Subsidiary, whether or not constituting a trade secret under applicable law, and which have not been disclosed by the Company to the public, or which are not otherwise generally available to the public.

Employee acknowledges that such Confidential Information, as such may exist from time to time, is a valuable, confidential, special and unique asset of the Company and its Subsidiaries, expensive to produce and maintain and essential for the profitable operation of their respective businesses. Employee agrees that, during the course of Employee’s employment with the Company or a Subsidiary, or at any time thereafter, Employee will not, directly or indirectly, communicate, disclose or divulge to any Person, or use for Employee’s benefit or the benefit of any Person, in any manner, any Confidential Information of the Company or a Subsidiary, acquired during Employee’s employment with the Company or a Subsidiary or any other Confidential Information concerning the conduct and details of the businesses of the Company and its Subsidiaries, except as required in the course of Employee’s employment with the Company or a Subsidiary or as otherwise may be required by law. For the purposes of this section, “Person” shall

mean any individual, partnership, corporation, trust, unincorporated association, joint venture, limited liability company or other entity or any government, governmental agency or political subdivision.

All documents relating to the businesses of the Company and its Subsidiaries including, without limitation, Confidential Information of the Company, whether prepared by Employee or otherwise coming into Employee's possession, are the exclusive property of the Company and such respective Subsidiaries, and must not be removed from the premises of the Company, except as required in the course of Employee's employment with the Company or its Subsidiary. Employee will immediately return all such documents (including any copies thereof) to the Company or its Subsidiary when Employee ceases to be employed by the Company or its Subsidiary or upon the earlier request of the Company or the Board.

- (b) Agreement Not to Compete. While employed by the Company or a Subsidiary and during the Restriction Period, Employee shall not, except with the Company's express prior written consent, for the benefit of any entity or person (including Employee) take any steps preparatory to, be employed by, or be engaged or concerned or interested in or provide technical, commercial or professional advice to any with the Business within the Territory; however, the foregoing shall not prohibit Employee from acquiring, solely as an investment and through market purchases, securities of any entity which are registered under Section 12(b) or 12(g) of the Exchange Act and which are publicly traded, so long as Employee is not part of any control group of such entity and such securities, if converted, do not constitute more than one percent (1%) of the outstanding voting power of that entity.
- (c) Agreement Not to Solicit Clients. During the Nonsolicitation Period, Employee shall not, except with the Company's express prior written consent, for the benefit of any entity or person (including Employee) solicit, induce or encourage any customer or client of the Company or a Subsidiary, which during the preceding twelve (12) months of Employee's employment with the Company or Subsidiary Employee was either involved (directly or indirectly) or about which Employee received Confidential Information, to cease or reduce its business with the Company or a Subsidiary.
- (d) Agreement Not to Solicit Employees. During the Nonsolicitation Period, Employee shall not, except with the Company's express prior written consent, for the benefit of any entity or person (including Employee) solicit, induce or encourage any employee of the Company or a Subsidiary, to leave the employment of the Company or a Subsidiary.
- (e) Nondisparagement. Employee shall not, at any time while employed by the Company or a Subsidiary or thereafter make statements or representations, or otherwise communicate, directly or indirectly, in writing, orally, or otherwise, or take any action which may, directly or indirectly, disparage or be damaging to the Company, a Subsidiary or their respective officers, directors, employees, advisors, businesses or reputations. Notwithstanding the foregoing, nothing in this Agreement shall preclude Employee from making truthful statements that are required by applicable law, regulation or legal process.
- (f) Employee Disclosure. Notwithstanding the foregoing, nothing in this Agreement prohibits, limits, or restricts, or shall be construed to prohibit, limit, or restrict, Employee 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. Moreover, the federal Defend Trade Secrets Act of 2016 immunizes Employee against criminal and civil liability under federal or state trade secret laws - under certain circumstances - if Employee discloses a trade secret for the purpose of reporting a suspected violation of law. Immunity is available if Employee discloses a trade secret in either of these two circumstances: (1) Employee discloses the trade secret (a) in confidence, (b) directly or indirectly to a government official (federal, state or

local) or to a lawyer, and (c) solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a legal proceeding, Employee discloses the trade secret in the complaint or other documents filed in the case, so long as the document is filed "under seal" (meaning that it is not accessible to the public).

- (g) Reasonableness of Restrictions. The Employee acknowledges that he or she has carefully considered the nature and extent of the restrictions upon him or her, and the rights and remedies conferred upon the Company in this Agreement, and acknowledges and agrees that the same: (i) are reasonable in scope, territory, and duration; (ii) are designed to eliminate competition which otherwise would be unfair to the Company; (iii) do not stifle his or her inherent skill and experience; (iv) would not operate as a bar to his or her sole means of support; (v) are fully required to protect the legitimate interests of the Company; and (vi) do not confer a benefit upon the Company disproportionate to the detriment of the Employee. Notwithstanding the foregoing, to the extent Employee is employed in the State of California upon the execution of this Agreement, Sections 10(b) and 10(c) are not applicable.
11. Employment Rights. Nothing expressed or implied in this Agreement shall create any right or duty on the part of the Company or the Employee to have the Employee remain in the employment of the Company or any Subsidiary prior to or after any Change in Control; provided, however, that any termination of employment of the Employee or the removal of the Employee from such Employee's office or position (other than a termination by the Company for Cause, or termination for death or Disability) in the three (3) month period preceding a Change in Control shall be conclusively presumed to be a termination or removal of the Employee after a Change in Control for purposes of this Agreement.
12. Successors.
- (a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance reasonably satisfactory to the Employee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement shall be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business and/or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement), but shall not otherwise be assignable, transferable or delegable by the Company.
- (b) This Agreement shall inure to the benefit of and be enforceable by the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees and/or legatees.
- (c) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Section 12(a). Without limiting the generality of the foregoing, the Employee's right to receive payments hereunder shall not be assignable, transferable or delegable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by his or her will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 12(c), the Company shall have no liability to pay any amount so attempted to be assigned, transferred or delegated.
- (d) The Company and the Employee recognize that each party will have no adequate remedy at law for breach by the other of any of the agreements contained herein and, in the event of any such breach, the Company and the Employee hereby agree and consent that the

other shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of this Agreement.

13. Miscellaneous.

- (a) This Agreement and all matters relating to Employee's employment shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of laws principles thereof. Each party to this Agreement (i) consents to the personal jurisdiction of the state and federal courts having jurisdiction in New Castle County, Delaware, (ii) stipulates that the proper, exclusive, and convenient forum and venue for legal adjudication of any issue arising out of this Agreement or relating to claims between the parties is New Castle County, Delaware for state court proceedings, and the United States District Court District of Delaware, location, for federal district court proceedings, and (iii) waives any defense, whether asserted by a motion or pleading, that New Castle County, Delaware, or the United States District Court District of Delaware, is an improper or inconvenient venue. Notwithstanding the foregoing, to the extent Employee is employed in the State of California upon the execution of this Agreement, then (i) this Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of laws principles thereof; and (ii) each party to this Agreement consents that the proper, exclusive, and convenient forum and venue for legal adjudication of any issue arising out of this Agreement or relating to claims between the parties are the state and/or federal courts for San Diego County, California.
- (b) Any notices, requests, demands, or other communications provided for by this Agreement shall be sufficient if in writing and if sent by registered or certified mail to the Employee at the last address he or she has filed in writing with the Company or, in the case of the Company, at its principal offices.
- (c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. Any invalid or unenforceable provision shall be deemed severed from this Agreement to the extent of its invalidity or unenforceability, and this Agreement shall be construed and enforced as if the Agreement did not contain that particular provision to the extent of its invalidity or unenforceability, provided that in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.
- (d) The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding any provisions of this Agreement to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Employee shall not be considered to have terminated employment with the Company for purposes of this Agreement and no payments shall be due to the Employee under Section 6 of this Agreement until the Employee would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. For purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to the Employee under this Agreement shall be paid to the Employee on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to the Employee) during any one year may not affect amounts reimbursable or provided in any

subsequent year; provided, however, that with respect to any reimbursements for any taxes which the Employee would become entitled to under the terms of the Agreement, the payment of such reimbursements shall be made by the Company no later than the end of the calendar year following the calendar year in which the Employee remits the related taxes were incurred. Notwithstanding any provisions of this Agreement to the contrary, if the Employee is a “specified employee” (within the meaning of Section 409A of the Code and determined pursuant to any policies adopted by the Company consistent with Section 409A of the Code), at the time of the Employee’s separation from service and if any portion of the payments or benefits to be received by the Employee upon separation from service would be considered deferred compensation under Section 409A of the Code and cannot be paid or provided to the Employee during the six-month period immediately following the Employee’s separation from service without the Employee incurring taxes, interest or penalties under Section 409A of the Code, such amounts that would otherwise be payable pursuant to this Agreement and benefits that would otherwise be provided pursuant to this Agreement, in each case, during the six-month period immediately following the Employee’s separation from service will instead be paid or made available on the earlier of (i) first business day after the date that is six (6) months following the Employee’s separation from service and (ii) the Employee’s death.

- (e) The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or government regulation or ruling.
- (f) In the event of any inconsistency between this Agreement and the terms of any other agreement, plan, or arrangement between the Employee and the Company providing for severance benefits following a Change in Control (including, without limitation, any equity incentive plan, any award agreement pursuant to any equity incentive plan, and any employment, severance, or other agreement), the terms of this Agreement shall control. To the extent (and only to the extent) that a payment or benefit that is to be provided under this Agreement has been paid or provided for the same purposes under the terms of another plan, program, agreement or arrangement, including any employment or severance agreement between the Employee and the Company, then the payments or benefits provided under this Agreement shall be reduced by the payments or benefits provided under such applicable plan, program, agreement or arrangement. For the avoidance of doubt, the provisions of Section 6(a) of this Agreement with respect to the treatment equity compensation awards shall be construed as an amendment to and shall supersede any terms providing for the treatment of outstanding equity compensation awards following Employee’s termination after a Change in Control under any equity incentive plan of the Company or any award agreements thereunder.
- (g) No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Employee and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.
- (h) The Employee and the Company acknowledge that, except as provided in any other written agreement between the Employee and the Company, the employment of the Employee by the Company is “at will” and, prior to or after the occurrence of a Change in Control, the Employee’s employment may be terminated by either the Employee or the Company at any time. This Agreement represents the entire agreement between the parties relating to the subject matter of this Agreement and replaces any and all prior agreements pertaining thereto between the Employee and the Company. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter of this Agreement have been made by either party which are not set forth expressly in this Agreement.

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

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

HYLIION HOLDINGS CORP.:

By:
Title:
EMPLOYEE:

[Signature page to Change in Control Agreement]

EXHIBIT A
RELEASE AGREEMENT

This release (the “Release”) is entered into by Hyliion Holdings Corp., a Delaware corporation. (the “Company”) and _____ (“Employee”) pursuant to the Change in Control Agreement between the Company and Employee, effective as of _____ (the “CIC Agreement”). This is the Release referenced in Section 6(b) of the CIC Agreement, and capitalized terms used but not defined herein shall have the meanings provided to them in the CIC Agreement.

In exchange for and as a condition of receiving the payments and benefits set forth in Section 6(a) of the CIC Agreement, the parties agree as follows:

1. **Release and Covenant Not To Sue.** Employee, on behalf of Employee’s self and Employee’s heirs, administrators, executors, and assigns, forever releases the Company and its subsidiaries and each of the Company’s and its subsidiaries’ successors, assigns, predecessors, affiliates, divisions, directors, officers, shareholders, employees, representatives, agents, counsel, and insurers, and any persons acting with them (collectively “Released Parties”) from, and covenants not to bring suit or otherwise institute legal proceedings against any of them arising in whole or in part from, all claims that Employee now has or may have or that Employee may hereafter have of any nature whatsoever, that arose out of or are related to any matter occurring prior to the effective date, be they common law or statutory, legal or equitable, in contract or tort, including but not limited to claims arising out of Employee’s employment with the Company, termination of employment and/or and including but not limited to claims under: (i) the Age Discrimination in Employment Act of 1967, as amended; (ii) Title VII of the Civil Rights Act of 1964, as amended; (iii) the Civil Rights Act of 1991, as amended; (iv) Sections 1981 through 1988 of Title 42 of the United States Code, as amended; (v) the Employee Retirement Income Security Act of 1974, as amended; (vi) the Immigration Reform Control Act, as amended; (vii) the Americans with Disabilities Act of 1990, as amended; (viii) the National Labor Relations Act, as amended; (ix) the Occupational Safety and Health Act, as amended; (x) the Fair Labor Standards Act; (xi) New York Human Rights Law; (xii) including the West Virginia Human Rights Act; (xiii) Massachusetts Wage Act; (xiv) S.D. Codified Laws § 20-7-11; (xv) N.D. Cent. Code § 9-13-02; (xvi) any state or federal, state or local anti-discrimination law, (xvii) any state or federal, state or local wage and hour, overage or payment law; (xviii) any other local, state or federal law, regulation or ordinance in the United States of America and in any jurisdiction anywhere in the world; (xix) any public policy, contract, tort, or common law claim; (xx) any allegation for costs, fees, or other expenses including attorneys’ fees incurred in the matters referenced herein; and (xxi) any and all claims the Employee may have arising as the result of any alleged breach of contract, compensation, incentive, bonus or commission plan or agreement with any Released Party. This Release does not waive any right that cannot be waived by law.

Employee hereby represents and warrants that (s)he has not filed or reported any claims or complaints in any forum and that (s)he has not assigned to any third party or filed with any agency or court any claim released by this paragraph 1, except for any claims, reports or information filed with or provided to the Securities and Exchange Commission (the “SEC”) or other government agency or court confidentially pursuant to Section 21F of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Employee is not waiving any claim for workers’ compensation, although Employee acknowledges (s)he has not sustained a work-related injury or illness and has no intent to file a claim against the Company as a result of any work-related injury or illness sustained in the course of his employment with the Company. Nothing in this Release prohibits Employee from filing a charge with the Equal Employment Opportunity Commission, National Labor Relations Board or a comparable state or local administrative agency related to Employee’s employment or separation of employment. Employee does forever waive Employee’s right to recover or receive any monetary damages, attorneys’ fees, back pay, reinstatement or injunctive relief from the Released Parties relating to any matter whatsoever up to the date of this Agreement. However, nothing in this Release (i) prohibits, limits or restricts, or shall be construed to prohibit, limit or restrict, Employee 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

Employee from receiving a reward from the SEC 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.

2. **Wavier of Unknown Claims.** Employee understands and expressly agrees that this Agreement extends to all claims of every nature and kind whatsoever, known and unknown, suspected or unsuspected, past or present, which the Employee has or may have against the Released Parties, and the Employee hereby knowingly waives any and all rights and protections under Section 1542 of the California Civil Code, which states:

1542. GENERAL RELEASE - CLAIMS EXTINGUISHED.

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Employee agrees that this waiver is an essential and material term of this Agreement, without which this document would not have been executed. For all purposes of this Agreement, the term "creditor" as used and referred to in Section 1542 of the California Civil Code means and includes Employee.³

3. **Consideration of Agreement by Employee.**

(a) The Company hereby advises Employee and Employee acknowledges that Employee has been so advised, to consult with an attorney before executing this Release.

(b) Employee acknowledges that, before entering into this Release, Employee had twenty-one (21) calendar days after receipt of this Release (the "Consideration Period") to consider this Release before signing it. Employee and the Company agree that no changes to this Release will re-start the Consideration Period. If Employee signs this Release, the date on which (s)he signs the Release shall be the "Execution Date." In the event Employee executes and returns this Release prior to the end of the Consideration Period, (s)he acknowledges that Employee's decision to do so was voluntary and that (s)he had the opportunity to consider this Release for the entire Consideration Period. If Employee works from West Virginia, Employee acknowledges receipt of the toll-free West Virginia State Bar Association phone number 1-866-989-8227.

(c) The parties agree that this Release will not become effective until seven (7) calendar days after the Execution Date and that Employee may, within seven (7) calendar days after the Execution Date, revoke the Release in its entirety by providing written notice to [] at the Company. If written notice of revocation is not received by the Company by the 8th day after the execution of this Release, this Release will become effective and enforceable on that day.

Employee represents and agrees that (s)he has fully read and understands the meaning of this Release and is voluntarily entering into this Release with the intention of giving up all claims against the Company and Released Parties.

HYLIION HOLDINGS CORP.

Date:_____ By:_____

Name:_____

Title:_____

³ Provision to be included only for California based employee.

Date: _____
Employee

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: May 9, 2023

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: May 9, 2023

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 March 31, 2023, as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), I, Thomas Healy, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

Date: May 9, 2023

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 March 31, 2023, as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), I, Jon Panzer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

Date: May 9, 2023

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.