

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, 2026

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	NYSE American LLC

As of May 7, 2026, 178,327,240 shares of common stock, par value \$0.0001 per share, were issued and outstanding.

HYLHION HOLDINGS CORP.
FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2026
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2026 (Unaudited)	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	\$ 20,262	\$ 22,938
Accounts receivable, net	3,026	489
Inventory	1,919	—
Prepaid expenses and other current assets	4,031	4,597
Short-term investments	52,208	69,427
Assets held for sale	—	1,181
Total current assets	81,446	98,632
Property and equipment, net	38,494	40,461
Operating lease right-of-use assets	2,963	3,468
Other assets	990	1,004
Long-term investments	66,858	59,994
Total assets	\$ 190,751	\$ 203,559
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 901	\$ 3,142
Current portion of operating lease liabilities	2,804	2,726
Accrued expenses and other current liabilities	4,369	3,995
Total current liabilities	8,074	9,863
Operating lease liabilities, net of current portion	912	1,646
Other liabilities	41	41
Total liabilities	9,027	11,550
Commitments and contingencies (Note 10)		
Stockholders' equity		
Common stock, \$0.0001 par value; 250,000,000 shares authorized; 188,927,224 and 187,878,790 shares issued at March 31, 2026 and December 31, 2025, respectively; 178,317,154 and 177,268,720 shares outstanding as of March 31, 2026 and December 31, 2025, respectively	19	19
Additional paid-in capital	414,574	413,122
Treasury stock, at cost	(14,132)	(14,132)
Accumulated deficit	(218,737)	(207,000)
Total stockholders' equity	181,724	192,009
Total liabilities and stockholders' equity	\$ 190,751	\$ 203,559

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,	
	2026	2025
Revenues		
Research and development services	\$ 2,832	\$ 489
Total revenues	2,832	489
Cost of revenues		
Research and development services	2,622	477
Total cost of revenues	2,622	477
Gross profit	210	12
Operating expenses		
Research and development	7,670	12,230
Selling, general and administrative	6,181	6,081
Exit and termination (benefits) costs	(414)	1,423
Total operating expenses	13,437	19,734
Loss from operations	(13,227)	(19,722)
Interest income	1,490	2,468
Net loss	\$ (11,737)	\$ (17,254)
Net loss per share, basic and diluted	\$ (0.07)	\$ (0.10)
Weighted-average shares outstanding, basic and diluted	177,668,678	174,344,218

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

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

Three Months Ended March 31, 2026								
	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity	
	Shares	Amount	Shares	Amount				
Balance at December 31, 2025	187,878,790	\$ 19	(10,610,070)	\$ (14,132)	\$ 413,122	\$ (207,000)	\$	192,009
Exercise of common stock options and vesting of restricted stock units, net	1,048,434	—	—	—	—	—		—
Share-based compensation	—	—	—	—	1,452	—		1,452
Net loss	—	—	—	—	—	(11,737)		(11,737)
Balance at March 31, 2026	<u>188,927,224</u>	<u>\$ 19</u>	<u>(10,610,070)</u>	<u>\$ (14,132)</u>	<u>\$ 414,574</u>	<u>\$ (218,737)</u>	<u>\$</u>	<u>181,724</u>

Three Months Ended March 31, 2025								
	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity	
	Shares	Amount	Shares	Amount				
Balance at December 31, 2024	184,428,472	\$ 18	(10,610,070)	\$ (14,132)	\$ 408,315	\$ (149,812)	\$	244,389
Exercise of common stock options and vesting of restricted stock units, net	1,414,392	1	—	—	(444)	—		(443)
Share-based compensation	—	—	—	—	1,295	—		1,295
Repurchase of treasury stock	—	—	—	—	—	—		—
Net loss	—	—	—	—	—	(17,254)		(17,254)
Balance at March 31, 2025	<u>185,842,864</u>	<u>\$ 19</u>	<u>(10,610,070)</u>	<u>\$ (14,132)</u>	<u>\$ 409,166</u>	<u>\$ (167,066)</u>	<u>\$</u>	<u>227,987</u>

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

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

	Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities		
Net loss	\$ (11,737)	\$ (17,254)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,109	1,142
Amortization and accretion of investments, net	(247)	(575)
Noncash lease expense	505	525
Gain on disposal of assets, including assets held for sale	(414)	(279)
Share-based compensation	1,452	1,295
Carrying value adjustment to assets held for sale	—	1,590
Changes in operating assets and liabilities:		
Accounts receivable	(2,537)	(5)
Inventory	(1,919)	—
Prepaid expenses and other assets	856	1,626
Accounts payable	(389)	(54)
Accrued expenses and other liabilities	251	(1,430)
Operating lease liabilities	(656)	(585)
Net cash used in operating activities	(12,726)	(14,004)
Cash flows from investing activities		
Purchase of property and equipment	(1,874)	(7,334)
Proceeds from sale of property and equipment	1,598	219
Receipt of security deposit	—	41
Purchase of investments	(15,174)	—
Proceeds from sale and maturity of investments	25,500	24,627
Net cash provided by investing activities	10,050	17,553
Cash flows from financing activities		
Taxes paid related to net share settlement of equity awards	—	(444)
Net cash used in financing activities	—	(444)
Net (decrease) increase in cash and cash equivalents and restricted cash	(2,676)	3,105
Cash and cash equivalents and restricted cash, beginning of period	23,603	9,892
Cash and cash equivalents and restricted cash, end of period	\$ 20,927	\$ 12,997
Supplemental disclosure of noncash investing and financing activities:		
Acquisitions of property and equipment included in accounts payable and accrued expenses and other current liabilities	\$ 130	\$ 244

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, that designs and develops KARNO™ Power Module for stationary and mobile applications and provides research and development (“R&D”) services. References to the “Company,” “Hyllion,” “we,” “our,” or “us” in this report refer to Hyllion Holdings Corp. and its wholly owned subsidiary, unless expressly indicated or the context otherwise requires.

The KARNO Power Module is a complete, fully integrated, enclosed, fuel agnostic power generating solution, including balance of plant such as cooling system, controls, fuel handling, and air handling systems, that generates electricity on command in stationary power generation applications powered by KARNO Cores. The KARNO Core is a linear generator that generates its own heat, and converts thermal energy generated from oxidization of fuels into electrical energy. It uses linear electric motors in a four-shaft system to generate electricity via a flameless oxidation process, achieving near zero emissions without emissions treatment systems.

Note 2. Disposals

On November 7, 2023, the Board of the Company approved a strategic plan to wind down its powertrain business and preserve the related intellectual property (the “Plan”). As part of the Plan, the Company will continue to focus on commercialization of its KARNO Power Module technology. We have not accounted for the impacts of the Plan as a discontinued operation through March 31, 2026 as we have not abandoned or sold the underlying intellectual property.

Costs paid or settled associated with the Plan during the three months ended March 31, 2026 and 2025 were nil and \$0.6 million, respectively. We reclassified assets previously recorded as held for sale totaling \$1.0 million to property and equipment, net, on the condensed consolidated balance sheets, and recognized charges of \$1.6 million using fair value hierarchy Level III inputs including comparable assets, adjusted for condition, included in exit and termination costs in the condensed consolidated statements of operations for the three months ended March 31, 2025. During the fourth quarter of 2025, we reclassified \$1.2 million in assets from property and equipment, net to assets held for sale on the condensed consolidated balance sheets. These assets were subsequently sold in the three months ended March 31, 2026. We recorded net benefits for recoveries related to asset sales of \$0.4 million and \$0.3 million included in exit and termination (benefits) costs in the condensed consolidated statements of operations and in gain on disposal of assets in the condensed consolidated statements of cash flows for the three months ended March 31, 2026 and 2025, respectively.

Note 3. 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, 2025 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 2025 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, 2026, the Company had total equity of \$181.7 million, inclusive of cash and cash equivalents of \$20.3 million and total investments of \$119.1 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, inventory, 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.

Segment Information

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

The significant expense categories and amounts that are regularly provided to the CODM and included in the reported measure of segment loss for the three months ended March 31, 2026 and 2025 are summarized as follows (in millions):

	Three Months Ended March 31,	
	2026	2025
Total revenues	\$ 2.8	\$ 0.5
Total cost of revenues	2.6	0.5
Gross profit	0.2	—
Administrative and office	1.6	1.6
Depreciation and amortization	2.1	1.1
Facilities	1.2	1.4
Personnel	7.0	6.3
Product development, exclusive of other costs presented	0.2	6.3
Professional services	1.4	1.4
Exit and termination costs	(0.4)	1.4
Other operating expense	0.3	0.3
Total operating expenses	13.4	19.8
Other income, net	1.5	2.5
Net loss	\$ (11.7)	\$ (17.3)

Concentration of Supplier Risk

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

Cash and Cash Equivalents

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

Restricted Cash

The Company 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, 2026	December 31, 2025	March 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 20,262	\$ 22,938	\$ 12,332	\$ 9,227
Restricted cash included in other assets	665	665	665	665
	<u>\$ 20,927</u>	<u>\$ 23,603</u>	<u>\$ 12,997</u>	<u>\$ 9,892</u>

Accounts Receivable, Net

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 current economic conditions without expectation of future changes, changes in the character and size of the balance, past and expected future loss experience, and other pertinent factors. At March 31, 2026 and December 31, 2025, accounts receivable included amounts receivable from a single customer of \$3.0 million and \$0.5 million, respectively. At March 31, 2026 and December 31, 2025, there was no allowance for doubtful accounts on customer receivables.

We adopted ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326)-Measurement of Credit Losses for Accounts Receivable and Contract Assets* during the quarter ended March 31, 2026, applying the practical expedient policy election that assumes that current conditions as of the balance sheet date do not change for the remaining life of the current accounts receivable asset expected credit losses estimate on a prospective basis. There was no material impact as the result of the adoption of this ASU.

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, and any expected credit losses. Such amortization, along with interest, is included in interest income. The Company estimates expected credits losses for held-to-maturity investments by considering relevant available information and assessing the risk of loss over the assets' contractual life. The Company's portfolio of held-to-maturity investments are of a high credit quality with minimal expected credit losses. The Company uses the specific identification method to determine the cost basis of securities sold.

Fair Value Measurements

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

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

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

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

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

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

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

Inventories

As of March 31, 2026, we have not yet commercialized the KARNO Power Module. Unless such components are capitalizable, costs incurred for components acquired prior to our determination of reaching a commercial stage are expensed as R&D costs, resulting in zero cost basis for those components. As a result, moving-average prices for inventory that is capitalized in future periods may be significantly affected by those zero cost items.

When inventory may be utilized in performance of our contracts with the United States Department of the Navy's Office of Naval Research ("ONR"), we capitalize that inventory including certain allocations of overhead, labor, and other direct costs and classify it as work-in-process inventory. When this inventory is designated to and utilized in an activity, we record either an R&D or a cost of sale charge in the period in which the utilization occurs.

All inventory at March 31, 2026 is classified as work-in-process. Inventory is valued using the specific identification cost method and is stated at the lower of cost or net realizable value. We review our inventory to determine whether its carrying value exceeds the net amount realizable we expect to receive upon the ultimate sale of the inventory.

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.

U.S. Government Contracts

In September 2024, the Company was awarded a best effort cost-plus-fixed fee contract up to \$16.0 million by the ONR to research the suitability of its KARNO Power Module for Navy ships and stationary power generation applications. Under the agreement, the Company will provide R&D services through February 2027, including delivery of up to seven KARNO Cores and testing of power module systems. The ONR contract represented a significant change in business strategy toward providing R&D activities in the ordinary course of business in addition to developing Power Modules for stationary and mobile applications.

In July 2025, the Company was awarded a Phase II best effort cost-plus-fixed fee contract up to \$1.5 million by the ONR to demonstrate the conceptual feasibility of the Phase I effort contract awarded in July 2024 for up to \$0.2 million and to show development progress towards successful application. Under the Phase II agreement, the Company will provide R&D services through July 2026 with an option to extend through July 2027, including design reviews, simulations, and reporting.

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

All revenue during the three months ended March 31, 2026 and 2025 was recognized over time. The portion of our revenues from significant customers is summarized as follows and is attributable to the U.S.:

	Three Months Ended March 31,	
	2026	2025
Customer A	100 %	46 %
Customer B	—	54
	100 %	100 %

Research and Development Expense

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

Recent Accounting Pronouncements

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270)-Narrow-Scope Improvements*, to improve the guidance in Topic 270, Interim Reporting, by improving the navigability of the required interim disclosures and clarifying when that guidance is applicable, including additional guidance on what disclosures should be provided in interim reporting periods. The pronouncement is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. We are currently evaluating the impact of adoption.

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)-Targeted Improvements to the Accounting for Internal-Use Software*, to modernize the accounting for software costs that are accounted for under Subtopic 350-40, Intangibles—Goodwill and Other—Internal-Use Software. The pronouncement is effective for fiscal years beginning after December 15, 2027 and interim periods within that fiscal year. We are currently evaluating the impact of adoption.

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

Note 4. Investments

The amortized cost, unrealized gains and losses, fair value and maturities of our held-to-maturity investments at March 31, 2026 and December 31, 2025 are summarized as follows:

	Amortized Cost	Fair Value Measurements at March 31, 2026		
		Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper	\$ 4,914	\$ —	\$ (5)	\$ 4,909
Corporate bonds and notes	114,152	222	(137)	114,237
	<u>\$ 119,066</u>	<u>\$ 222</u>	<u>\$ (142)</u>	<u>\$ 119,146</u>

	Amortized Cost	Fair Value Measurements at December 31, 2025		
		Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper	\$ 4,868	\$ 1	\$ —	\$ 4,869
U.S. government agency bonds	3,000	—	—	3,000
State and municipal bonds	1,000	—	—	1,000
Corporate bonds and notes	120,553	492	(17)	121,028
	<u>\$ 129,421</u>	<u>\$ 493</u>	<u>\$ (17)</u>	<u>\$ 129,897</u>

	March 31, 2026		December 31, 2025	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	\$ 52,208	\$ 52,234	\$ 69,427	\$ 69,586
Due after one year through five years	66,858	66,912	59,994	60,311
	<u>\$ 119,066</u>	<u>\$ 119,146</u>	<u>\$ 129,421</u>	<u>\$ 129,897</u>

Note 5. Fair Value Measurements

The fair value measurements of our financial assets at March 31, 2026 and December 31, 2025 are summarized as follows:

	Fair Value Measurements at March 31, 2026			
	Level I	Level II	Level III	Total
Cash and cash equivalents	\$ 20,262	\$ —	\$ —	\$ 20,262
Restricted cash	665	—	—	665
Held-to-maturity investments:				
Commercial paper	—	4,909	—	4,909
Corporate bonds and notes	—	114,237	—	114,237
	<u>\$ 20,927</u>	<u>\$ 119,146</u>	<u>\$ —</u>	<u>\$ 140,073</u>

Fair Value Measurements at December 31, 2025				
	Level I	Level II	Level III	Total
Cash and cash equivalents	\$ 22,938	\$ —	\$ —	\$ 22,938
Restricted cash	665	—	—	665
Held-to-maturity investments:				
Commercial paper	—	4,869	—	4,869
U.S. government agency bonds	—	3,000	—	3,000
State and municipal bonds	—	1,000	—	1,000
Corporate bonds and notes	—	121,028	—	121,028
	<u>\$ 23,603</u>	<u>\$ 129,897</u>	<u>\$ —</u>	<u>\$ 153,500</u>

Note 6. Leases

In February 2025, the Company executed a sublease for a portion of its corporate office through April 2027. Sublease operating income which is included as reductions to R&D and selling, general and administrative expense in the condensed consolidated statements of operations for the three months ended March 31, 2026 and 2025 was \$0.1 million and \$0.1 million, respectively.

Note 7. Property and Equipment, Net

Property and equipment, net at March 31, 2026 and December 31, 2025 is summarized as follows:

	March 31, 2026	December 31, 2025
Production machinery and equipment	\$ 46,948	\$ 46,905
Vehicles	379	379
Leasehold improvements	5,599	5,551
Office furniture and fixtures	300	287
Computers and related equipment	2,311	2,273
	<u>55,537</u>	<u>55,395</u>
Less: accumulated depreciation	<u>(17,043)</u>	<u>(14,934)</u>
Total property and equipment, net	<u>\$ 38,494</u>	<u>\$ 40,461</u>

Note 8. Share-Based Compensation

During the three months ended March 31, 2026 and 2025, the Company granted 4.0 million and 4.3 million restricted stock units, respectively, which will vest over a period of one to three years, inclusive of the units described below with underlying closing stock price thresholds. During the three months ended March 31, 2026 and 2025, 0.6 million and 0.1 million restricted stock units, respectively, were forfeited. Share-based compensation expense for the three months ended March 31, 2026 and 2025 was \$1.5 million and \$1.3 million, respectively.

The Company granted 2.3 million restricted stock units in the three months ended March 31, 2026 that are subject to vest between February 11, 2026 and December 31, 2028 contingent upon achieving underlying closing stock price thresholds. Through March 31, 2026, there was no achievement of underlying closing stock price thresholds on these awards. These awards were valued at \$1.57 per unit using a Monte Carlo simulation including a blend of historical and implied share volatility of 105% and a risk-free rate of 3.48%.

Note 9. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities at March 31, 2026 and December 31, 2025 are summarized as follows:

	March 31, 2026	December 31, 2025
Accrued professional services and other	\$ 1,566	\$ 1,342
Accrued compensation and related benefits	2,178	2,028
Other accrued liabilities	625	625
	<u>\$ 4,369</u>	<u>\$ 3,995</u>

Note 10. Commitments and Contingencies***Economic Incentive Agreement***

During the quarter ended March 31, 2024, in connection with our operations in Cedar Park, Texas, the Company entered into an agreement with the Cedar Park Economic Development Corporation (“EDC”) that superseded prior agreements, whereby the Company would receive cash grants up to \$1.1 million from the EDC at various measurement dates during the term of the agreement contingent upon the Company fulfilling and maintaining certain occupancy, investment, and employment requirements. The requirements must be met on or before specific measurement dates and maintained throughout the term of the agreement, which expires effective December 31, 2029. The Company has received payments to date of \$0.4 million which are refundable as applicable performance requirements were not met and are included within accrued expenses and other current liabilities at March 31, 2026. Under the agreement, the EDC has the right to file a security interest to all assets of the Company.

Legal Proceedings

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

Note 11. Net Loss Per Share

The computation of basic and diluted net loss per share for the three months ended March 31, 2026 and 2025 is summarized as follows (in thousands, except share and per share data):

	Three Months Ended March 31,	
	2026	2025
Numerator:		
Net loss attributable to common stockholders	<u>\$ (11,737)</u>	<u>\$ (17,254)</u>
Denominator:		
Weighted average shares outstanding, basic and diluted	<u>177,668,678</u>	<u>174,344,218</u>
Net loss per share, basic and diluted	<u>\$ (0.07)</u>	<u>\$ (0.10)</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, 2026 and 2025 are summarized as follows:

	Three Months Ended March 31,	
	2026	2025
Unexercised stock options	171,850	187,529
Unvested restricted stock units	10,134,667	8,902,734
	<u>10,306,517</u>	<u>9,090,263</u>

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

References to the "Company," "Hyllion," "we," "our," 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 2025 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 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," "targets," "should," "contemplates," "estimates," "expects," "intends," "may," "could," "plans," "projects," "will," "would," "potential," "remains," "continues," "likely," or 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 2025 Annual Report on Form 10-K, this Form 10-Q, and in other documents we file from time to time with the U.S. Securities and Exchange Commission (the "Commission" or the "SEC") that disclose risks and uncertainties that may affect our business. Readers are urged to carefully review and consider the various disclosures made in this 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 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 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 Form 10-Q do not reflect the potential impact of any investments, 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 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 2025 Annual Report on Form 10-K and in this Form 10-Q. These and other factors could cause our results to differ materially from those expressed in this Form 10-Q.

Overview

Hyllion is committed to creating innovative solutions that enable clean, efficient, and flexible electricity production while contributing positively to the environment in the energy economy. Hyllion's primary product offering, the KARNO Power Module, is a modular, fully enclosed, fuel-agnostic and fully integrated power generating solution. The KARNO Power Module is powered by KARNO Core, a heat powered linear generator, to produce electricity with significant improvements in efficiency, emissions and lifecycle cost compared to conventional generation technologies. Hyllion's KARNO Power Modules enable effective power generation using a wide range of fuel sources, including conventional fuels such as natural gas, propane or diesel, waste fuels such as landfill gas, wellhead gas, and zero carbon fuels such as renewable hydrogen and ammonia. Hyllion is initially targeting the datacenter, commercial, industrial, and defense sectors with a locally-deployable generator designed to meet a wide range of power generation needs. The Company plans to scale up its KARNO Power Module solution to address larger utility-scale power needs and to develop future variants for industrial waste heat, nuclear, household use and e-mobility applications such as vehicles and marine vessels. Additionally, the KARNO Power Module technology is well-suited to provide combined heat and power in various stationary applications.

KARNO Power Modules

The KARNO technology emerged out of General Electric's long-running R&D investments in aerospace and metal additive manufacturing across multiple industries and in areas such as generator thermal and performance design. Originally envisioned as a range-extending power source for our Hypertruck powertrain system, we now intend to commercialize the KARNO Power Module as a standalone product targeting power generation, defense, and e-mobility markets, as well as related R&D services

that we have undertaken pursuant to contracts with the United States government. We believe that the unique capabilities of the KARNO Power Module will make it competitive in the market for distributed power systems, competing favorably against conventional generating systems and new alternative power systems such as fuel cells and other linear generators. The KARNO Power Module and KARNO Core technology, including the technology that we acquired from General Electric, and the technology developed by Hyliion subsequent to the acquisition, is protected by numerous patents and trademarks which we believe provide us with extensive and lasting protection for our intellectual property.

The Science of the KARNO Power Module

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

Linear generators present several advantages over conventional generators, including higher thermal efficiency, lower emissions and reduced maintenance, benefits that are partly attributable to the generator's simplified design with few moving parts. Additionally, they exhibit high power density and higher efficiency by circumventing the mechanical losses linked to rotating components such as bearings and gears while producing less noise and vibration. In the case of the KARNO Core, each shaft relies on a single moving part and utilizes a pressurized helium bearing system in place of oil-based lubricants.

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

The KARNO Power Module is expected to surpass the efficiency of many conventional generating systems when employing various fuel sources and its high efficiency is expected to remain consistent across a broad range of output power levels. In comparison, fuel cells reach peak efficiency at low power levels but experience diminishing efficiency as output increases towards full power. Internal combustion engines typically achieve peak efficiency within a limited operational output range and may suffer increased wear at low power levels. The KARNO Power Module offers a distinct advantage in power adjustment by modulating the rate of heat introduction, enabling seamless power adjustments without compromising efficiency.

We anticipate that the KARNO Power Module will initially achieve an electrical generating efficiency of approximately 45%, calculated by considering the usable power output in relation to the energy from the fuel source. We believe that ongoing engineering improvements are expected to increase the KARNO Power Module's efficiency to 50% or higher in future design iterations. High efficiency is expected to remain relatively consistent across a wide range of output power levels, spanning from tens of kilowatts to multiple megawatts. In contrast, internal combustion diesel or natural gas generators typically operate within an efficiency range of 25% to 40% over a similar power spectrum, while the U.S. electrical power grid is estimated to operate at an efficiency between 33% and 40%. Notably, best-in-class grid-level combined cycle gas turbine powerplants can obtain efficiencies above 50% but often incur transmission and distribution losses between 5% and 10% which the KARNO Power Module is expected to circumvent by being located near the point of power consumption.

Conventional generators emit pollutants because of incomplete combustion of fuel-air mixtures and operating conditions, with the formation of nitrous-oxide ("NOx") and carbon monoxide ("CO") compounds being particularly prominent. Unlike conventional generators, the KARNO Power Module is designed for continuous flameless oxidation of the fuel at lower temperatures and extended reaction times. This is achieved partly through the recirculation of exhaust gases, which serves to prolong oxidation, and by pre-heating incoming air. As a result, the KARNO Power Module is anticipated to achieve ultra-low levels of emissions, with NOx and CO emissions expected to be reduced by over 95% compared to best-in-class diesel or natural gas engines and meeting South Coast Air Quality Management District ("SCAQMD") Rule 1110.3 emission standards without the need for aftertreatment.

One of the notable advantages of the KARNO Power Module in comparison to traditional generating units is the expected reduction in maintenance requirements and cost. Conventional generators typically incur periodic and usage-based maintenance expense that can range between 5% to 20% of their total operating cost throughout their lifespan, influenced by factors such as utilization and operating parameters. The KARNO Power Module's primary advantage arises from having only a single moving part per shaft (4 shafts per 200 kW KARNO Core), which glides on low friction helium bearings. This innovative design

mitigates efficiency losses attributed to friction, enhancing the system's operational longevity and eliminating the need for oil-based lubricants.

The KARNO Power Module derives advantages from its expected capability to operate across a diverse spectrum of over 20 available fuel sources and fuel blends. These include natural gas, propane, gasoline, jet fuel, and alternative fuels like biodiesel, hydrogen and ammonia. Moreover, the KARNO Power Module can seamlessly transition between these fuels or fuel blends. This versatility enables a single KARNO Power Module to adapt to different use cases. For example, the KARNO Power Module may operate on natural gas for prime power generation when a pipeline connection is available, on waste gas near a landfill or dairy farm, and switch to locally stored diesel fuel for continuous generation if its primary fuel supply is interrupted. Furthermore, we expect that as hydrogen becomes more widely available, the KARNO Power Module will be able to adapt to this cleaner fuel. As the energy landscape evolves, we believe that the KARNO Power Module's fuel-agnostic nature positions it as a flexible solution to electricity generation needs, enhancing energy security.

Benefits of the KARNO Power Module Versus Conventional Competitors

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

- *Efficiency:* The anticipated operating efficiency of the KARNO Power Module could result in lower marginal cost of electricity generation versus conventional generating systems and, in some markets, grid power.
- *Low Maintenance:* With only a single moving part per shaft, the simplicity of the KARNO Power Module is expected to reduce both periodic maintenance expenses and overhaul costs and deliver longer uptime.
- *Fuel Agnostic:* While many traditional generators operate on a single fuel source or require system modification to achieve fuel flexibility, the KARNO Power Module is designed to be fuel-agnostic and can switch between fuel choices during operation with few or no modifications.
- *Low Noise and Vibration:* Unlike conventional generators, the KARNO Power Module operates without internal combustion, resulting in a significantly lower noise level of approximately 67 decibels at six feet.
- *Higher Power Density:* The unique architecture and features of the KARNO Power Module that are enabled by advances in additive manufacturing are expected to enable the KARNO Power Module to achieve a high power density relative to competing power generation technologies.
- *Modularity:* The DC output of the KARNO Power Module allows multiple KARNO Power Modules to be connected on a single bus to achieve higher power outputs without impacting other performance characteristics.

Market Opportunity

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

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

We believe that Hyllion's KARNO Power Module is an innovative solution in the emerging distributed generation space, offering a reliable power generator that combines high efficiency, fuel flexibility, and low emissions. Designed for both stationary and mobile applications, the KARNO Power Module addresses many of the challenges that have traditionally limited the widespread adoption of onsite power solutions. These include high operating costs, reliability issues, complex maintenance, noise pollution, space constraints, and dependency on limited fuel sources.

Hyllion's initial KARNO Power Module product is a 200 kW system that is power-dense and easy to deploy. It features a compact, space-efficient rectangular design with a footprint of approximately 25 square feet, housing a single four-shaft linear generating unit and integrated balance-of-plant components. The KARNO Power Module supports fuel switching during operation without power loss, while flexible deployment options allow it to operate in grid-following, grid-forming, or islanded configurations (when paired with an external inverter), making it suitable for a wide range of applications. Additionally, the KARNO Power Module features real-time monitoring of over 1,000 operational parameters through its KARNO Cloud®

platform, enabling proactive diagnostics, predictive maintenance, and performance optimization, ensuring maximum uptime. With cloud connectivity, users gain instant access to remote monitoring and control features, providing insights into system performance, fuel efficiency, and system health.

Beyond the 200 kW variant, Hyliion is advancing the development of a larger Multi-MW (2 MW+) KARNO system, which integrates multiple 200 kW KARNO Core units operating in tandem in a compact containerized footprint. The Multi-MW KARNO (2 MW+) system will target key market segments such as data centers and industrial prime power applications. We are also developing a modular 800 kW system consisting of four KARNO Core units that is planned to be delivered to the U.S. Navy in 2026 as part of our project with ONR. We believe that this modular and scalable approach enables seamless power expansion while maintaining high efficiency and reliability. By utilizing multiple 200 kW generating blocks, the system offers built-in redundancy and the flexibility for customers to customize capacity to match their power needs.

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

- *Data Centers:* As cloud computing, artificial intelligence, machine learning, and edge computing continue to expand, data centers are projected to grow rapidly, consuming an increasing share of global energy demand. Onsite generation is an emerging solution to power new data center installations. Hyliion's Multi-MW (2MW+) KARNO system is being designed to address the needs of data center developers by providing a scalable, fuel-flexible onsite power solution with best-in-class power density and versatility. Capable of operating on more than 20 different fuels, the KARNO Power Module enables data center developers to minimize onsite generation infrastructure. Its ability to easily transition between pipeline-supplied fuels, such as hydrogen or natural gas, and onsite stored fuels, like methanol or diesel, eliminates the need for separate backup generation systems, reducing capital and operational costs. As datacenter rack power densities rise to support increased AI workloads, Hyliion's KARNO Power Module's native 800V DC architecture simplifies power system design and enhances site resiliency.
- *Commercial & Industrial:* As electricity demand increases and grid infrastructure struggles, microgrids and onsite prime power solutions are becoming essential for industries facing high consumption charges, peak demand pricing, and grid reliability concerns. Businesses, industrial sites, and remote facilities increasingly seek localized power generation to mitigate rising energy costs, monetize assets, and improve operational resilience. With relatively high efficiency, fuel adaptability and low maintenance needs, KARNO Power Modules provide a cost-effective alternative to grid electricity, allowing businesses to optimize energy costs while ensuring uninterrupted operations. Its ability to integrate with energy storage and renewable sources is expected to enable installation of effective hybrid energy solutions. Additionally, the KARNO Power Module's cogeneration capabilities may allow industries to utilize both electricity and thermal energy, improving overall system efficiency and recovering usable waste heat.
- *Defense:* Defense organizations around the world are pursuing advanced energy solutions to support modern, rapidly evolving, distributed operations across land, sea, air, and autonomous platforms. Hyliion's fuel-agnostic KARNO platform is engineered to meet these changing mission profiles with a combination of versatility, efficiency, and durability. Designed to operate on over 20 fuels, including JP-8 and its variants, diesel, ammonia, and hydrogen, the KARNO system enhances logistical adaptability across diverse applications. Its low acoustic and thermal signatures support stealth and operational security, while its high fuel efficiency enables longer runtimes and reduced refueling needs. Built with minimal moving parts and robust architecture, the KARNO technology delivers extended maintenance intervals and high system uptime under challenging conditions. Whether deployed in forward operating bases, shipboard power systems, microgrids, or unmanned autonomous platforms, we expect that the scalable KARNO Power Module can deliver reliable, next-generation power for the strategic and tactical demands of global defense operations.
- *Vehicle Charging:* The adoption of electric vehicles ("EVs") is placing increasing strain on grid capacity, a challenge expected to grow with the introduction of commercial EVs, including buses, delivery vans, and heavy-duty trucks. These vehicles require substantial power for charging, intensifying grid demands. While Direct Current ("DC") fast charging technology and infrastructure are evolving to meet this need, many commercial operators cite limited grid capacity and high electricity costs as barriers to scaling their EV fleets. We believe the KARNO Power Module offers an advantaged solution for commercial EV charging. Its native DC output integrates with DC fast charging infrastructure, eliminating power losses associated with conversion. Additionally, the KARNO Power Module's compact footprint and quiet operation will make it suitable for deployment in space-constrained locations, such as urban charging hubs, fleet depots, and remote charging stations where grid access is limited or expensive. When paired

with onsite energy storage systems and renewable energy sources like solar or wind, KARNO Power Modules can enable resilient and sustainable microgrids for EV charging.

- *Biogas (Landfill, Wastewater & Digester Gas):* Biogas sourced from landfills, wastewater treatment plants, and dairy digesters represents a growing market as industries and municipalities seek to convert methane-rich waste gases into electricity and prevent methane, a potent greenhouse gas, from escaping into the environment or being flared. Current power generation technologies often struggle to process biogas due to contaminants such as hydrogen sulfide and siloxanes, as well as moisture and fluctuating gas compositions, necessitating preconditioning and purification before the fuel can be utilized. We believe the KARNO Power Module's advanced architecture and corrosion-resistant materials enable it to operate with minimal gas preconditioning, making it a cost-effective, high-performance solution for converting waste gas into reliable power.
- *Oil & Gas and Syngas:* The oil and gas industry is electrifying due to growing power needs across drilling, production, refining, and transportation operations. However, wellhead and flare gas, byproducts of oil and gas extraction, are often wasted due to insufficient pipeline capacity or poor gas quality, leading to lost energy and increased emissions. The KARNO Power Module enables conversion of waste gas into usable electricity with minimal pre-treatment, enabling onsite power generation and grid integration. We believe the KARNO Power Module's fuel flexibility, use of corrosion-resistant materials, and ability to handle variable fuel quality make it a suitable technology of choice for oilfield electrification while significantly reducing emissions. Additionally, the KARNO Power Module's fuel-agnostic capability allows it to generate clean electricity from hydrogen-rich syngas, a valuable byproduct of gasification or industrial processes.
- *Mobility:* The KARNO Power Module is designed to be particularly suitable for applications that require a source of electric power in mobile applications such as electric vehicles, railroad locomotives, remote power generation and marine vessels. Compared to conventional power sources, the KARNO Power Module is expected to offer higher efficiency, lower emissions, quieter operation, reduced maintenance needs and the flexibility to operate on a wider range of fuel sources. Additionally, the KARNO Power Module's high power density, modularity and native DC power output offer an added advantage where space constraints and integration are considerations.
- *Backup Power:* The market for local backup power generators is well established and positioned to grow due to decreasing grid reliability, the increasing share of intermittent renewable energy sources, rising extreme weather events, and the need for uninterrupted power. Also, the grid balancing and servicing market is expanding as utilities and independent power producers seek fast-ramping, distributed generation assets to balance supply and demand fluctuations. Innovative business models such as Resiliency-as-a-Service and Virtual Power Plants have emerged to leverage distributed generation assets for grid resilience. With growing concerns over emissions from internal combustion engine-powered generators in the backup power market, we believe the KARNO Power Module presents an opportunity to provide solutions for end users that desire a lower emissions profile and in the event emissions regulations are further tightened.
- *Waste Heat:* In hard-to-decarbonize industrial sectors such as cement, glass, and primary metals production, vast amounts of high-grade waste heat (1000°C+) are released during manufacturing processes. Traditionally, much of this thermal energy is lost due to limited efficient recovery solutions. Since the KARNO Power Module uses heat as its primary energy source to generate electricity, high-temperature industrial waste heat is expected to be able to be directly utilized to produce clean electricity, enabling industries to recover wasted energy, improve efficiency, and reduce emissions.

KARNO Power Module Development

Research and Development

Most of our current activities are focused on the R&D of our KARNO Power Module. We undertake significant testing and validation of our products and components to ensure that they will meet the demands of our customers. Our R&D activities

primarily take place at our facility in Cincinnati, Ohio and at our headquarters in Cedar Park, Texas. Our R&D is primarily focused on:

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

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

We have completed the design and sourcing of components for the balance-of-plant systems that support KARNO Core operation for the 200 kW system, including the system enclosure. The balance-of-plant includes cooling, pressure control, fuel, battery, high and low voltage, inlet air and exhaust systems. Development work also includes control software, safety systems, the human-to-machine interface and the physical integration of systems. Validation of essential operating parameters, including efficiency, emissions and reliability, are also part of R&D activities.

In 2025, we delivered two early adopter customer units to the U.S. Navy as well as two additional KARNO Power Modules that we are using for internal testing and Underwriters Laboratories ("UL") certification. The two units are undergoing testing under our R&D contract with ONR and are performing in accordance with expectations mechanically while we enhance the ability of the units to operate on diesel fuel. We believe that initial KARNO Power Module deployments, along with our ongoing testing and development efforts, will validate critical design specifications, including projected operating life, maintenance requirements and durability.

In early 2025, we announced that delivery of early deployment customer units and validation of KARNO Power Module design parameters were delayed due to design and production problems related to a key printed component – the regenerator – as well as delays in ramping up production of linear electric motors by a contract manufacturer. The regenerator functions as a heat capacitor, storing thermal energy within the system as helium gas cycles between hot and cold temperature regions. It is a critical component for achieving the KARNO Power Module's target power levels and overall system efficiency. An early regenerator design was found to have insufficient heat storage and transfer capability. Additionally, residual powder from the additive manufacturing process could not easily be removed after printing due to the small passageways in the regenerator's flow channels.

The regenerator has since been redesigned to increase heat storage and transfer capability. Testing of the updated design demonstrates significant performance improvement compared with the earlier configuration. While the improved thermal characteristics enhanced overall performance, testing also identified other areas where heat losses within the system were adversely affecting results. Design modifications have been implemented to increase the insulative properties of other system components with improved performance observed during subsequent testing. Further design modifications to the regenerator and other components are now under way to enable even greater conversion of heat losses into higher power output and

improved efficiency. Furthermore, new post-processing techniques have been implemented and verified to effectively remove residual powder from regenerators after printing.

In mid-2025, we insourced linear electric motor production following earlier unsuccessful efforts to outsource this work to a contract manufacturer. This transition is accelerating the ramp-up in motor production capacity and enabling greater control over manufacturing quality.

In the first quarter of 2026, R&D activities included continued testing and validation of KARNO Power Module operation and software controls, UL certification testing, and ongoing assembly of early customer deployment units. Other ongoing development activities include modifications designed to increase the generator's power output and efficiency toward design specifications, additive printer commissioning and speed enhancements, development of controls to enable multi KARNO Power Module operation, and development of manufacturing processes to support 200 kW KARNO Power Module commercialization.

Research and Development Services

We provide R&D services to third parties, including the ONR. In September 2024, Hyliion was awarded a cost-plus-fixed-fee contract of up to \$16.0 million by the ONR to assess the suitability of the KARNO Power Module for Navy vessels and stationary power applications. The contract aligns with ONR's objective of leveraging advanced technology to reduce its carbon footprint while enhancing operating capabilities. Upon successful validation and demonstration, the KARNO Power Module could be used as an electric power system in future platforms and for stationary power needs. In 2025, we delivered two KARNO Cores under this contract which we have been testing at our R&D facility in Cincinnati. In 2026, we expect to deliver additional KARNO Cores, including a four-core 800 kW KARNO Power Module system, and 200 kW KARNO Power Modules. We will also expand testing to include long duration operation, diesel fuel integration, simulation of ship motion and the ability of the system to operate in extreme temperature environments.

We will continue to provide R&D services to third parties under existing contracts and anticipate entering into additional R&D agreements in 2026 with ONR and other government customers. Customers engage Hyliion to explore and validate the KARNO Power Module's capabilities tailored to their specific requirements. Key areas of interest include testing its low-emissions flameless oxidation system and evaluating applications that leverage the KARNO Power Module's high power output, compact configuration and versatility, including the ability to easily transition between fuels. R&D services may also involve testing the KARNO Power Module under various operating conditions, including harsh environments, and in mobile applications to assess its performance. Certain customers seek to measure and validate the KARNO Power Module's low emissions profile and test different power configurations to ensure the technology aligns with their operational and environmental needs.

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 economic uncertainties, supply chain disruptions, inflation, high interest rates, and other risks discussed below and referenced in Part II, Item 1A "Risk Factors."

Commercialization of KARNO Power Module

Our focus is on continuing development and testing of our fuel-agnostic KARNO Power Module and the deployment of initial units with customers. We are targeting commercialization by year end, subject to the timing of development and deployments. We anticipate that a substantial portion of our capital resources and efforts in the near future will be focused on these activities. The amount and timing of our future funding requirements will depend on many factors, including but not limited to the pace of completing initial KARNO Power Module testing and validation, the timing of KARNO Power Module commercialization, the pace at which we invest in KARNO Core additive printing capacity, our plans for manufacturing KARNO Power Module components (whether in-house or through outsourcing to third parties), the range of product offerings we plan to bring to market and external market factors beyond our control.

Key Components of Statements of Operations

Revenue

We generate revenue by providing R&D services under contracts with third parties, including the U.S. government. Additionally, we expect to begin generating product revenue following the commercialization of our KARNO Power Module.

Cost of Revenue

Cost of revenue includes costs associated with R&D services revenue, such as direct costs, including labor and materials, and applicable overhead costs.

Research and Development Expense

R&D expenses consist primarily of costs incurred for the discovery and development of our KARNO Power Module, which include:

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

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

Selling, General and Administrative Expense

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

Exit and Termination Costs

Exit and termination costs consist primarily of recoveries from resale of assets.

Other Income

Other income currently consists primarily of interest income earned on our investments.

Results of Operations

Comparison of Three Months Ended March 31, 2026 to Three Months Ended March 31, 2025

Our results of operations for the three months ended March 31, 2026 (the “current quarter”) and 2025 on a consolidated basis are summarized as follows (in thousands, except share and per share data):

	Three Months Ended March 31,			
	2026	2025	\$ Change	% Change
Revenues				
Research and development services	\$ 2,832	\$ 489	\$ 2,343	479.1 %
Total revenues	2,832	489	2,343	479.1 %
Cost of revenues				
Research and development services	2,622	477	2,145	449.7 %
Total cost of revenues	2,622	477	2,145	449.7 %
Gross profit	210	12	198	1,650.0 %
Operating expenses				
Research and development	7,670	12,230	(4,560)	(37.3)%
Selling, general and administrative expenses	6,181	6,081	100	1.6 %
Exit and termination (benefits) costs	(414)	1,423	(1,837)	N/A
Total operating expenses	13,437	19,734	(6,297)	(31.9)%
Loss from operations	(13,227)	(19,722)	6,495	(32.9)%
Interest income	1,490	2,468	(978)	(39.6)%
Net loss	\$ (11,737)	\$ (17,254)	\$ 5,517	(32.0)%
Net loss per share, basic and diluted	\$ (0.07)	\$ (0.10)	\$ 0.03	(30.0)%
Weighted-average shares outstanding, basic and diluted	177,668,678	174,344,218	3,324	1.9 %

Revenue and Cost of Revenues

Revenue for R&D services increased \$2.3 million and associated cost of revenues increased \$2.1 million due to the timing of performance of the R&D services. The remaining amounts of revenue that we may recognize under these contracts was up to \$11.2 million as of March 31, 2026, which is expected to primarily be recognized in 2026. These contracts can be cancelled by the United States government at any time for, among other reasons, convenience.

Research and Development

R&D expenses decreased \$4.6 million due to significant efforts toward performance of our contracts with the ONR, including the production of capitalized inventory that may either be utilized for future revenue generation under these contracts or for R&D activities.

Selling, General and Administrative Expenses

Selling, general, and administrative expenses were relatively flat with an increase of \$0.2 million attributable to personnel expense, offset by other smaller changes.

Exit and Termination Costs

Exit and termination costs decreased by \$1.8 million as a result of the adoption of the Plan and items discussed in Note 2, “Disposals” of the Notes to Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q, including recoveries from assets sold.

Interest Income

Interest income decreased \$1.0 million primarily due to the decline in our investment balance.

Liquidity and Capital Resources

At March 31, 2026, our total current assets were \$81.4 million, consisting primarily of cash and cash equivalents of \$20.3 million, short-term investments of \$52.2 million and prepaid expenses of \$4.0 million. Our total current liabilities were \$8.1 million and were primarily comprised of accounts payable, accrued expenses and operating lease liabilities. We also had \$66.9 million of investments in longer-term liquid securities which we maintain to generate higher income on capital that we do not expect to spend in the next 12 months.

We believe the credit quality and liquidity of our investment portfolio at March 31, 2026 is strong and will provide sufficient liquidity to satisfy operating requirements, working capital purposes and strategic initiatives. The unrealized gains and losses of the portfolio may remain volatile as changes in the general interest rate environment and supply and demand fluctuations of the securities within our portfolio impact daily market valuations. To mitigate the risk associated with this market volatility, we deploy a relatively conservative investment strategy focused on capital preservation and liquidity whereby no investment security may have a final maturity of more than 36 months from the date of acquisition or a weighted average maturity exceeding 18 months. Eligible investments under the Company's investment policy bearing a minimum credit rating of A1, A-1, F1 or higher for short-term investments and A2, A, or higher for longer-term investments include money market funds, commercial paper, certificates of deposit and municipal securities. Additionally, all of our debt securities are classified as held-to-maturity as we have the intent and ability to hold these investment securities to maturity, which minimizes any realized losses that we would recognize prior to maturity. However, even with this approach we may incur investment losses as a result of unusual or unpredictable market developments, and we may experience reduced investment earnings if the yields on investments deemed to be low risk remain low or decline further due to unpredictable market developments. In addition, these unusual and unpredictable market developments may also create liquidity challenges for certain of the assets in our investment portfolio.

Based on our past performance, we believe our current and long-term assets will be sufficient to continue to execute on our business strategy and meet our capital requirements for the next twelve months. Our primary short-term cash needs are costs associated with KARNØ Power Module development, building our initial deployment units and capital investments for additive printer acquisitions and other assets. Longer term, our capital needs will be determined by our go-to-market strategy as well as governmental R&D, which may include development of our own KARNØ Power Module manufacturing capacity or outsourcing this work to third parties or business partners. We have up to \$6.1 million remaining authorized for repurchases under our \$20 million share repurchase program but have currently paused any additional repurchases. Based on current projections of operating expenses, capital spending, working capital growth and historical share repurchases, we expect to have approximately \$100 million in cash, short-term and long-term investments remaining on our balance sheet at the end of 2026. This projection assumes the completion of about \$10 million in equipment-backed financing or debt. It is possible that this financing could be delayed or may not occur at all if acceptable terms cannot be obtained.

We expect to continue to incur net losses in the short term as we execute on our strategic initiatives by completing the development and commercialization of the KARNØ Power Module with customer deployments anticipated to continue throughout 2026. However, actual results could vary materially and adversely as a result of a number of factors including, but not limited to, those discussed in Part II, Item 1A. "Risk Factors."

The amount and timing of our future funding requirements will depend on many factors, including the scope and results of our R&D efforts, the breadth of product offerings we plan to commercialize, the growth of sales, working capital needs, and our long-term manufacturing plan for the KARNØ Power Module including the pace of investments in additive manufacturing assets, methods of financing these investments, as well as factors that are outside of our control. We regularly evaluate our funding needs and sources of capital and may seek external funding in the appropriate circumstances. While we expect that we have sufficient capital to commercialize the KARNØ Power Module, we do anticipate that, at some time, we will seek additional sources of capital to accelerate investments in assets needed for growth following commercialization, primarily additive printing machines and related assets. With our current cash and investments, we believe we are well positioned to be deliberate and opportunistic in determining the timing and structure of a capital raise.

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, 2026 and 2025 is summarized as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
Cash from operating activities	\$ (12,726)	\$ (14,004)
Cash from investing activities	10,050	17,553
Cash from financing activities	—	(444)
	<u>\$ (2,676)</u>	<u>\$ 3,105</u>

Cash from Operating Activities

For the three months ended March 31, 2026, cash flows used in operating activities were \$12.7 million. Cash used primarily related to a net loss of \$11.7 million, adjusted for a \$4.4 million change in working capital accounts and \$3.4 million in non-cash expenses (including \$1.5 million related to share-based compensation, \$2.1 million related to depreciation and amortization, \$0.9 million related to prepaid expenses and other current assets, partially offset by \$2.5 million related to accounts receivable and \$1.9 million related to inventory).

For the three months ended March 31, 2025, cash flows used in operating activities were \$14.0 million. Cash used primarily related to a net loss of \$17.3 million, adjusted for a \$0.4 million change in working capital accounts and \$3.7 million in non-cash expenses (including \$1.6 million related to prepaid expenses and other current assets, \$1.6 million in assets held for sale carrying value adjustments, and \$1.3 million related to share-based compensation, partially offset by \$1.5 million related to accounts payable, accrued expenses and other liabilities and \$0.3 million related to gain on asset sales).

Cash from Investing Activities

For the three months ended March 31, 2026, cash flows provided by investing activities were \$10.1 million. Cash provided related to the sale or maturity of investments of \$25.5 million and the proceeds from sale of assets of \$1.6 million, offset by the purchase of investments of \$15.2 million and acquired property and equipment of \$1.9 million.

For the three months ended March 31, 2025, cash flows provided by investing activities were \$17.6 million. Cash provided related to the sale or maturity of investments of \$24.6 million and the proceeds from sale of assets of \$0.2 million, offset by acquired property and equipment of \$7.3 million.

Cash from Financing Activities

For the three months ended March 31, 2026, cash flows used in financing activities were nil.

For the three months ended March 31, 2025, cash flows used in financing activities were \$0.4 million, primarily due to taxes paid related to the net share settlement of equity awards.

Critical Accounting Policies and Estimates

In preparing our condensed consolidated financial statements, we applied the same critical accounting policies as described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, supplemented by those described below, that affect judgments and estimates of amounts recorded for certain assets, liabilities, revenues and expenses.

Inventories

As of March 31, 2026, we have not yet commercialized the KARNO Power Module. Unless such components are capitalizable, costs incurred for components acquired prior to our determination of reaching a commercial stage are expensed as R&D costs, resulting in zero cost basis for those components. As a result, moving-average prices for inventory that is capitalized in future periods may be significantly affected by those zero cost items.

When inventory may be utilized in performance of our contracts with the ONR, we capitalize that inventory including certain allocations of overhead, labor, and other direct costs and classify it as work-in-process inventory. When this inventory is

designated to and utilized in an activity, we record either an R&D or a cost of sale charge in the period in which the utilization occurs.

All inventory at March 31, 2026 is classified as work-in-process. Inventory is valued using the specific identification cost method and is stated at the lower of cost or net realizable value. We review our inventory to determine whether its carrying value exceeds the net amount realizable we expect to receive upon the ultimate sale of the inventory.

Share-Based Compensation

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

If we were to utilize different assumptions, including the estimate of underlying share volatility of our market-conditioned awards, share-based compensation cost could be under or overstated. If there are any modifications or cancellations of the underlying unvested securities, we may be required to accelerate any remaining unearned share-based compensation cost or incur incremental cost. Share-based compensation cost affects our research and development and selling, general and administrative expenses.

The Company granted 2.3 million restricted stock units in the three months ended March 31, 2026 that are subject to vest between February 11, 2026 and December 31, 2028 contingent upon achieving underlying closing stock price thresholds. Through March 31, 2026, there was no achievement of underlying closing stock price thresholds on these awards. These awards were valued at \$1.57 per unit using a Monte Carlo simulation including a blend of historical and implied share volatility of 105% and a risk-free rate of 3.48%.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 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, 2026, 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, 2026 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 2025 Annual Report. There have been no material changes to our Risk Factors as therein previously reported.

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

Issuer Purchases of Equity Securities

The following table provides information regarding repurchases of our Common Stock during the quarter ended March 31, 2026:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
January 1 - 31, 2026	—	\$ —	10,610,070	\$ 6,144,349
February 1 - 28, 2026	—	\$ —	10,610,070	\$ 6,144,349
March 1 - 31, 2026	—	\$ —	10,610,070	\$ 6,144,349
Total	—		10,610,070	

⁽¹⁾ Share repurchases are conducted under our share repurchase program announced in December 2023, which has no expiration date, authorizing the repurchase of up to \$20 million in shares. Share purchases under this program have been paused.

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation of the Company, dated October 1, 2020 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on October 7, 2020).
3.2	Amended and Restated Bylaws of the Company, dated October 1, 2020 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-38823) filed with the SEC on October 7, 2020).
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 12, 2026

HYLIION HOLDINGS CORP.

/s/ Thomas Healy

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

/s/ Jon Panzer

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

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

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 12, 2026

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

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

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 12, 2026

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, 2026, as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), I, Thomas Healy, 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 12, 2026

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

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

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, 2026, 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 12, 2026

By:	<u>/s/ Jon Panzer</u>
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.