

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-K**

(Mark One)

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER: 000-54437

**SUNHYDROGEN, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**26-4298300**

(I.R.S. Employer  
Identification No.)

**10 E. Yanonali St., Suite 36 Santa Barbara, CA 93101**

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **805) 966-6566**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

Securities registered pursuant to section 12(g) of the Act: common stock, par value \$0.001 per share

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

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

Indicate by check mark whether the registrant (1) has filed all reports required 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	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

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

The aggregate market value of the common stock held by non-affiliates of the registrant, based upon the last sale price of the common stock of the registrant as of the last business day of its most recently completed second fiscal quarter was approximately \$145,969,723.

The number of shares of registrant's common stock outstanding, as of October 7, 2022 was 4,271,749,146.

**DOCUMENTS INCORPORATED BY REFERENCE**

**None**



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## PART I

### Item 1. Business.

*Unless otherwise stated or the context requires otherwise, references in this annual report on Form 10-K to “SunHydrogen”, the “Company”, “we”, “us”, or “our” refer to SunHydrogen, Inc.*

#### Overview

At SunHydrogen, our goal is to replace fossil fuels with clean, renewable hydrogen.

Hydrogen is the most abundant chemical element in the universe. When hydrogen fuel is used to power transportation and industry, the only byproduct left behind is pure water, unlike hydrocarbon fuels such as oil, coal and natural gas that emit carbon dioxide and other harmful pollutants into the atmosphere. However, naturally occurring elemental hydrogen is rare – so rare, in fact, that today about 95% of hydrogen is produced from steam reforming of natural gas (Source: US Department of Energy, *Hydrogen Fuel Basics*). This process is both economically and environmentally unsound.

The SunHydrogen solution offers an efficient and cost-effective way to produce truly green hydrogen using sunlight and any source of water. Our core technology is a self-contained, nanoparticle-based hydrogen generator that mimics photosynthesis to split water molecules, resulting in hydrogen. By optimizing the science of water electrolysis at the nano-level, we believe we have developed a low-cost method to potentially produce environmentally friendly renewable hydrogen.

We believe renewable hydrogen has already proven itself to be a key solution in helping the world meet climate targets, and we believe our technology potentially offers solutions to the challenges that the hydrogen future presents, including cost of production and transportation.

Because our process only requires sunlight and water, our technology can be installed near the point of hydrogen use. This eliminates the need for pipelines and trucks that result in high carbon emissions and high capital investment. Additionally, because our process directly uses the electrical charges created by sunlight to generate hydrogen, our nanoparticle technology does not rely on grid power or require the costly power electronics that conventional electrolyzers do.

With a target cost of \$2.50/kg., we aspire for our technology to be cost-competitive with brown hydrogen and below the cost of clean hydrogen competitors. We believe our solution has the potential to clear a path for green hydrogen to compete with natural gas hydrogen and gain mass market acceptance as a true replacement for fossil fuels.

Our technology is primarily developed at three laboratories – our independent laboratory in Coralville, Iowa, the SunHydrogen laboratory at the University of Iowa, and the Singh laboratory at University of Michigan.

A longtime development partner to SunHydrogen, The Iowa research team has worked over the past several years to lead the scale-up of our technology.

We started 2022 with the addition of an additional research and development laboratory to fuel our goal of scaling up our nanoparticle-based green hydrogen technology. The Coralville, Iowa laboratory space has enabled us to hire several new senior engineers and chemists and accelerate our developmental targets toward commercialization.

Led by Chief Scientific Officer Dr. Syed Mubeen and Director of Technology Dr. Joun Lee, the Iowa research team is focused on building tandem photoelectrosynthetic heterostructures (nanoparticle-based tandem semiconductor units) and evaluating their manufacturability at scales relevant for commercialization. This involves porous substrate fabrication and development of SunHydrogen’s two proprietary semiconductor nanoparticle units within these porous substrates (dual junction devices).

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In the past year, the Iowa team has met several key developmental milestones in the path to achieving a production-quality prototype of our nanoparticle technology, including the following:

- (1) Developed a robust fabrication toolkit to scale porous anodic alumina on transparent conducting oxide substrates in which the tandem nanoparticle units will be fabricated. This achievement aided SunHydrogen's industry partner InRedox in successfully developing a high-throughput substrate fabrication process.
- (2) Developed facile deposition chemistries to fabricate semiconductors, interconnects, and contacts needed for tandem nanoparticle devices. This achievement aided the work of our industry partner MSC Co. LTD, who is supplying SunHydrogen with bulk chemicals for nanoparticle growth.
- (3) Successfully fabricated both of our proprietary semiconductor units and demonstrated photocurrents greater than 10 mA/cm<sup>2</sup> for each unit and photovoltages greater than 800 mV for each unit in substrates relevant for prototype demonstration.
- (4) Demonstrated dual junction devices with photovoltages that exceed the theoretical voltage needed for water-splitting.

In June 2022, we announced that we achieved successful fabrication of one of our two proprietary semiconductor units at production-quality prototype scale. The Iowa team thoroughly tested its ability for hydrogen production using sunlight and water containing organics derived from biomass resources.

In this announcement, we also shared that persisting supply chain challenges have delayed fabrication of our second proprietary semiconductor unit at production-quality prototype scale. However, the Iowa research team has identified alternate solutions to successfully fabricate our second proprietary nanoparticle semiconductor unit at production-quality prototype scale. These solutions include pairing one of the SunHydrogen's proprietary semiconductor unit on Silicon Heterojunction solar cells, Perovskite solar cells, or CdTe-based solar cells. The Iowa team recently had success in pairing one of SunHydrogen's proprietary semiconductor units with Silicon and Perovskite cells and demonstrated solar hydrogen production. The team is currently optimizing this alternate approach to maximize solar-to-hydrogen efficiency using device housing developed by SunHydrogen's industry partners. Moving forward, the team will develop novel deposition chemistry that is vendor independent for growing the second semiconductor unit while working with other solar cells in parallel. Solar-to-hydrogen efficiency for both the approaches will be evaluated using devices fabricated in prototype relevant scales.

Outside of our central research and development hub in Iowa, we've entered into a sponsored research agreement with the University of Michigan and further expanded our industrial partnerships across the U.S., Germany, South Korea, and Japan. Our current industrial partners include: SCHMID Group of Germany; MSC Co. LTD of South Korea; Geomatec of Japan; Ionomr Innovations of British Columbia; Chromis Technologies of New Jersey; Optimum Anode of California; and RuC2N of South Korea.

By diversifying our commercialization strategy in this way, we have been able to form relationships with industrial partners who are specialized in individual components of our technology such as electroplating, substrate processing and catalyst/membrane integration.

SCHMID Group will focus on the design and engineering of our generator housing as we continue scaling our technology to larger dimensions. InRedox and MSC Co. LTD are focused on substrate manufacturing and electroplating chemistries, respectively. Geomatec is also working to facilitate our transition to large-scale substrate manufacturing.

We are working with Ionomr Innovations and Chromis Technologies to integrate both proton exchange membranes (PEM) and anion exchange membranes (AEM) into our proprietary substrates and evaluate performance metrics for sustainable hydrogen production.

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With our newest partners, Optimum Anode and RuC2N, we are working to achieve successful catalyst integration and identify the best catalyst for hydrogen and oxygen production.

Led by Dr. Nirala Singh, one of the lead inventors on SunHydrogen Patent No. 9,593,053B1, the University of Michigan team is focused on understanding the requirements of the generator housing and optimizing and testing potential oxygen evolution and hydrogen evolution electrocatalysts to accelerate scaleup and increase efficiency of photoelectrochemically active heterostructures. In the past year, they have demonstrated deposition of oxygen evolution and hydrogen evolution catalysts through atomic layer deposition and tested these materials for their ability to catalyze oxygen evolution and hydrogen evolution. The hydrogen evolution catalysts match the best performing catalysts and can be deposited on our solar cell materials with low thickness to mitigate parasitic light absorption. The atomic layer deposited oxygen evolution catalyst did not match the necessary metrics for further evaluation. However, using a sputtering technique, they synthesized an oxygen evolution electrocatalyst that can match the state-of-the-art oxygen evolution catalysts in the open literature. With these two catalysts, the solar cell voltage provided upon illumination is sufficient to produce hydrogen at high rates. These catalysts are being integrated with the systems used at University of Iowa.

University of Michigan also identified membrane-to-light absorber integration strategies to help optimize the generator housing dimensions, in collaboration with InRedox. They evaluated the voltage losses in various potential systems to identify the most promising configurations and eliminate configurations that would result in significant energy losses. The most promising systems were sent to Ionomr Innovations and Chromis Technologies to integrate membranes for testing of energy losses and stability. A model to scale up to multi-wafer systems was developed and is being validated. This model incorporated the entire system including generator housing, oxygen evolution catalyst, and hydrogen evolution catalyst and also helps identify the most important components for further increasing hydrogen production efficiency.

Looking ahead to the final months of 2022, we continue making steady progress toward the developmental targets we initially set for the year, which include:

- Successful fabrication of semiconductor units at production-quality prototype scales
- Successful integration of membranes at production-quality prototype scales
- Successful integration of catalysts at production-quality prototype scales
- Successful testing and demonstration of production-quality prototype units

We have a dedicated scientific and executive team, a growing number of respected industrial partners, and we will continue doing our best to push past any setbacks or supply chain challenges that come our way.

Additionally, we are well-capitalized to begin pursuing strategic investments in the hydrogen space. We are actively pursuing opportunities for investment and acquisition of complimentary hydrogen technologies, and we are fortunate to have the resources to maximize our impact in this fast-growing industry.

## Market Opportunity

Hydrogen generation is projected to become a \$1 trillion per year market by 2050 (Source: Goldman Sachs, *Carbonomics: The clean hydrogen revolution*). Current fossil fuels can't sustain future energy requirements environmentally or economically, and hydrogen fuel technologies are being adopted across all sectors as the world moves toward renewable alternatives.

Over 110 countries have set goals to achieve net-zero emissions by 2050, and as governments are looking to clean energy sources like hydrogen to help them meet their targets (Source: United Nations, *The race to zero emissions, and why the world depends on it*). It is estimated that nearly 25% of global energy will come from clean hydrogen alone by 2050 (Source: Goldman Sachs, *Green Hydrogen: The next transformational driver of the Utilities industry*).

In the US, California is leading the way in hydrogen strategies, with more fuel cell passenger vehicles on the road than any other state and one of the largest hydrogen refueling station networks in the world (Source: Sierra Nevada Ally, *Hydrogen Fuel Cell Vehicles are Building Momentum in California*). Globally, over 320 green hydrogen production demonstration projects have been announced, and governments around the world have put forth ambitious strategies to utilize hydrogen and fuel cell technologies across all sectors of the economy including transportation, feedstock and industrial heat use (Source: International Energy Agency, *Hydrogen Projects Database*).

### ***Existing Market Growth***

In August 2022, The Inflation Reduction Act, which allots \$369 billion to renewable energy and climate projects, was signed into law in the US, and it is already reshaping the hydrogen market and the larger clean energy market as we know it. “Among its features, the law has a 10-year extension of solar and wind tax credits and incentives to support new technology, with hydrogen and energy storage set to be the greatest beneficiaries,” according to Morningstar’s chief US market strategist Dave Sekera (Source: Markets Insider, *Clean energy stocks are set to be the big winners of the sweeping Inflation Reduction Act just signed by Biden, Morningstar says*).

Specifically, the Act includes a new tax credit that will award up to \$3/kg for low carbon hydrogen, with exact credit amounts to be determined by calculating a given project’s greenhouse gas emissions (Source: S&P Global, *Hydrogen tax credits preserved in new US Inflation Reduction Act*).

The Inflation Reduction Act’s passage also followed a summer of surging gas prices and increased demand for gasoline. As supply chain challenges and geopolitical conflicts continue to affect fuel prices globally, the hydrogen market is rallying support and interest from consumers and governments alike.

An additional factor currently driving the global hydrogen market is the need to reduce sulfur content in petroleum products. U.S. federal and state governments have adopted various programs, including the Tier 3 program, to reduce the sulfur content in gasoline, motor oil and diesel. Particularly, there is a growing demand for petroleum products from developing countries. Hydrogen is used in various refining processes including hydrocracking and hydrodesulfurization to crack bigger molecules into lighter ones and produce more usable products.

For all these reasons and more, we believe our renewable hydrogen-producing technology possesses significant early market opportunity, especially as innovation and infrastructure continue to develop.

### ***Hydrogen Mobility***

The auto manufacturing and vehicle industries are among the most recognized applications for hydrogen fuel technologies. According to a 2022 study by Information Trends, close to 44,000 hydrogen fuel cell vehicles had been sold by year-end 2021 since their sales first began. Historically, sales have been held back due to the lack of a solid hydrogen refueling infrastructure, but the numbers are projected to rise quickly, and fuel cell vehicles are gaining momentum around the world. In another study, Information Trends projected that close to 600,000 hydrogen fuel cell buses and minibuses will be in service by 2035 (Source: Information Trends, *Global Market for Hydrogen Fuel Cell Buses*).

In California, labor leaders and CEOs of some of the world’s leading auto and energy companies including Toyota, Hyundai, Chevron, Shell, and more are urging Governor Gavin Newsom to invest in hydrogen to meet climate goals. The joint letter, published in August 2022, calls on Newsom to allocate \$300 million in the state budget to fund the final construction of 1,000 hydrogen fueling stations statewide in the next decade (Source: California Hydrogen Coalition, *Labor Leaders, CEOs Call on Governor Newsom to Invest in Hydrogen to Meet Climate Goals*).

Additionally, hydrogen has emerged as an ideal solution for a myriad of mobility-related applications beyond fuel cell vehicles.

In a 2022 report from the Ocean Conservancy, researchers concluded that green hydrogen-based fuels are the best option to transition the shipping industry away from fossil fuels. “Producing green hydrogen-based fuels can kickstart the transition to new shipping fuels along promising green corridor routes within the U.S. and can make key down payments that will drive further investment in renewable energy and feed the demand for climate action within the global transportation sector,” said Daniel Hubbell, shipping emissions campaign manager for Ocean Conservancy (Source: Ocean Conservancy, *Green Hydrogen-Based Fuels are the Best Option to Transition the Shipping Industry Away from Fossil Fuels, New Report Finds*).

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In the long-haul trucking industry, hydrogen fuel cells present a zero-emission solution where battery-electric vehicles would be “too heavy for the job” (Source: Truck News, *Hydrogen fuel cells ready for work in work trucks*). According to speakers at the 2022 Green Truck Summit, however, hydrogen fuel cells may also be well-suited for work trucks that make shorter-term journeys. “Very high utilization vehicles, to go zero emission, absolutely need hydrogen,” said Craig Knight, CEO of Hyzon Motors. “The sweet spot for fuel cells is the dead zone for diesel engines. These are the vehicles that stop and start all the time. These are the vehicles that spend so much time on idle. These are the vehicles with massive PTO loads or refrigeration,” Knight continued. “So, the best use cases are drayage, refrigerated trucks, concrete trucks, garbage trucks – all these things with the significant auxiliary loads.” (Source: Truck News, *Hydrogen fuel cells ready for work in work trucks*).

In August 2022, Germany introduced the first-ever rail line to be entirely run on hydrogen-powered trains. “Fourteen hydrogen trains powered by fuel cell propulsion will exclusively run on the route in Bremervörde, Lower Saxony,” CNN reported. The trains have a range of 1,000 kilometers, meaning they can run for an entire day on the network on a single tank of hydrogen, and a hydrogen filling station has already been established on the route (Source: CNN, *The world’s first hydrogen-powered passenger trains are here*).

Hydrogen is even powering factory forklifts for commerce leaders like Walmart and Amazon: In April 2022, Walmart purchased hydrogen from Plug Power to fuel as many as 9,500 machines across the retailer’s fulfillment and distribution centers (Source: Bloomberg, *Walmart Will Run Forklifts on ‘Green’ Hydrogen in Plug Power Deal*). Amazon and Plug Power entered a similar agreement in August 2022, with Plug Power providing Amazon with 10,950 tons of liquefied hydrogen per year that will be used to fuel transportation and building operations starting in 2025 (Source: Forbes, *Amazon To Buy Plug Power’s ‘Green’ Hydrogen In Deal with \$2.1 Billion Stock Option*). Along with fuel for forklifts, Amazon may also use hydrogen to power a range of vehicles used in delivery operations, including long-haul trucks, the article stated.

Whether in traditional vehicles, marine ships, long-haul trucks, trains, or even factory forklifts, it is clear that hydrogen has already made a significant mark on the mobility industry, and we only expect it to become more prolific as governments continue to support the development of relevant infrastructure that the hydrogen future calls for.

## **Our Technology**

### ***Technology for Making Renewable Hydrogen from Sunlight and Water***

Powered by solar energy, billions of our microscopic nanoparticles split apart water at the molecular level, extracting hydrogen for use as a clean energy source and leaving behind only clean oxygen as a byproduct. This process is similar to what happens inside a plant cell during photosynthesis: Each Photoelectrosynthetically Active Heterostructures (or PAH) nanoparticle is a microscopic machine, composed of multiple layers enabling the solar electrolysis reaction to take place.

### ***Water Splitting***

In the process of splitting a water molecule, input energy is transferred into the chemical bonds. Essentially, manufactured hydrogen serves as a carrier or battery-like storage of the input energy. If the input energy is from fossil fuels, such as oil and gas, then carbon fossil fuel energy is simply transferred into hydrogen. If the input energy is renewable, such as solar or wind, then new and clean energy is stored in hydrogen.

While the concept of water splitting is very appealing, the following industry-wide challenges must be addressed for renewable hydrogen to be commercially viable:

- **Energy Inefficiency**— Since hydrogen is an energy carrier, the most energy it can store is 100% of the input energy. However, conventional electrolysis methods lose much of the input energy in system components, wires and electrodes resulting in only a small portion of electricity making it into the hydrogen molecules. This translates to high production cost and is the fundamental problem with water splitting for hydrogen production. We intend to address this problem with our low-cost and energy-efficient nanoparticle technology.
- **Need for Clean Water**— Conventional electrolysis requires highly purified clean water to prevent fouling of system components. This prevents current technology from using large quantities of available water from oceans, rivers, industrial waste and municipal waste as feedstock. Our technology is being designed to use any natural water or waste water for the unlimited production of renewable hydrogen.

## Technology

Water electrolysis in its simplest form is the transfer of “input electrons” in the following chemical reactions:

- Cathode (reduction):  $2\text{H}_2\text{O} + 2e^- \rightarrow \text{H}_2 + 2\text{OH}^-$
- Anode (oxidation):  $4\text{OH}^- \rightarrow \text{O}_2 + 2\text{H}_2\text{O} + 4e^-$

From these equations, one can deduce that if every input electron ( $e^-$ ) is put to work and not lost, then a maximum amount of input electrons (i.e. energy) is transferred and stored in the hydrogen molecules ( $\text{H}_2$ ). Additionally, if there were a very high number of cathode and anode reaction areas within a given volume of water, then a very high number of these reactions could happen simultaneously throughout the medium to split each water molecule into hydrogen wherever electrons are available.

## SunHydrogen Panel™

Since our particles are intended to mimic the natural process of photosynthesis, directly producing hydrogen and oxygen without the need for costly intermediate power conversions, they can be housed in very low-cost reactors. To facilitate the commercial use of our self-contained particle technology, we are developing a modular system that will enable the onsite daily production and storage of hydrogen for any-time use in electricity generation.

We refer to our potential product as the SunHydrogen Panel which is comprised of the following components:

1. The Generator Housing - Our novel device design is the first of its kind to safely separate oxygen and hydrogen in the photoelectrochemical process, minimizing the sacrifice of solar-to-hydrogen efficiency. This device houses the water and the solar particles/cells and is designed with inlets and outlets for water and gasses. Utilizing a novel ion-exchange membrane integration strategy for separating the oxygen from the hydrogen products, efficient ion transport safely enables efficient solar hydrogen production.
2. The NanoParticle or Solar Cell - Powered by solar energy, billions of our microscopic nanoparticle solar cells split apart water at the molecular level, extracting hydrogen for use as a clean energy source and leaving behind only clean oxygen as a byproduct.
3. Oxygen Evolution Catalyst - Uniformly applied to the solar cell or nanoparticle, an oxygen evolution catalyst efficiently oxidizes water molecules to generate oxygen gas. The oxygen evolution catalyst must be robust to withstand long operating hours under acidic and alkaline conditions.
4. Hydrogen Evolution Catalyst - Necessary for collecting electrons to reduce protons for generating hydrogen gas, we have identified a strategy to minimize the use of precious metal-based catalysts and integrated the hydrogen catalyst into our generator system for efficient solar hydrogen production.
5. Coating Technologies - Two major coating technologies were developed to protect the nanoparticles and solar cells from photocorrosion under water: A transparent conductive coating to protect our nanoparticles and solar cells from photocorrosion during the water splitting process and efficiently transfer charges to catalysts for oxygen and hydrogen evolution reactions; and a polymer combination that protects the semiconductor solar cells that would otherwise fail in aquatic environments, instead ensuring a long lifetime for solar hydrogen production.

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In the process of optimizing our nanoparticles to be efficient and only use earth abundant materials (an ongoing process), we experimented with commercially available triple junction solar cells to perform tests with our generator housing and other components. Through this experimentation, our discovery led us to believe that we could bring a system (Gen 1) to market utilizing these readily available cells while our nanoparticles are still being optimized. While these solar cells also absorb sunlight and produce the necessary charge for splitting the water molecules into hydrogen and oxygen, their efficiency is low, thus we have made the strategic decision to focus on our NanoParticle strategy (Gen 2) and use the Gen 1 hydrogen generators for proof of concept purposes only.

Our business and commercialization plan utilizes our second generation of hydrogen panels featuring the nanoparticle-based technology where billions of autonomous solar cells are electrodeposited onto protective porous sheets and manufactured in a roll to roll process or wafer process and inserted into our proprietary panels. For this generation, we have received multiple patents and our target cost of hydrogen production is \$2.50 per kilogram before pressurization.

In addition to our sponsored research agreements with the University of Iowa and University of Michigan, we are working with a growing group of specialized industrial partners to help commercialize our renewable hydrogen panels that use sunlight and water to generate hydrogen. Our current industrial partners include: SCHMID Group of Germany; MSC Co. LTD of South Korea; Geomatec of Japan; Ionomr Innovations of British Columbia; Chromis Technologies of New Jersey; Optimum Anode of California; and RuC2N of South Korea.

SCHMID Group will focus on the design and engineering of our generator housing as we continue scaling our technology to larger dimensions. InRedox and MSC Co. LTD are focused on substrate manufacturing and electroplating chemistries, respectively. Geomatec is also working to facilitate our transition to large-scale substrate manufacturing. Ionomr Innovations and Chromis Technologies are working to integrate both proton exchange membranes (PEM) and anion exchange membranes (AEM) into our proprietary substrates and evaluate performance metrics for sustainable hydrogen production. With Optimum Anode and RuC2N, we are working to achieve successful catalyst integration and identify the best catalyst for hydrogen and oxygen production.

## **Intellectual Property**

On November 14, 2011, we filed a provisional application with the U.S. Patent and Trademark Office to protect the intellectual property rights for “Photoelectrosynthetically Active Heterostructures” A year later on November 14, 2012, we filed a non-provisional application claiming priority to the provisional application. On March 14, 2017, a first patent covering the structural design of Photoelectrosynthetically Active Heterostructures (PAH) was granted as United States Patent No. 9,593,053B1. A divisional application claiming priority to the foregoing applications was filed, and on April 3, 2018, a second patent covering the method for manufacturing PAH was granted as United States Patent No. 9,593,053B2. These patents protect the Company’s proprietary design and manufacturing method of a self-contained solar-to-hydrogen device made up of billions of solar-powered water-splitting nanoparticles, per square centimeter. These nanoparticles are separated by a protective coating that prevents corrosion during extended periods of hydrogen production. The aim of producing these nanoparticles is to achieve high solar -to-hydrogen conversion efficiency at low cost. These patents expire on November 14, 2032.

An important aspect of the patented technology referred to in the preceding paragraph is the integrated structures of high-density arrays of nano-sized solar cells as part of hydrogen production nanoparticles. The technology enables manufacturing of ultra-thin sheets for solar hydrogen production, requiring substantially less material as compared to conventional solar cells used in rooftop power applications.

On March 21, 2014, we jointly filed a provisional application with the University of California, Santa Barbara for the “Multi-junction artificial photosynthetic cell with enhanced photovoltages.” Thereafter, we filed a non-provisional application on March 16, 2015 and a corresponding PCT Application on March 17, 2015. These applications cover our semiconductor designs to enhance the photovoltages of the nano-sized solar cells in the PAH structures. The semiconductor designs stacking multiple junctions inside the PAH structures would be an efficient and economical solution for the photovoltaic and the photoelectrochemical industries. Patents were granted in Australia in April of 2018, China and Europe in March of 2019, and in the U.S. as United States Patent No. 10,100,415 in October of 2018. A patent application is currently pending in India. This patent expires on October 21, 2036.

On September 26, 2016, we filed jointly with the University of Iowa a provisional application for “Integrated Membrane Solar Fuel Production Assembly” to protect the intellectual property for our generator housing system that safely separates oxygen and hydrogen in the water-splitting process without sacrificing efficiency. This device houses the water, the solar particles/cells and is designed with inlets and outlets for water and gases. Utilizing a special architecture that integrates membranes for separating the oxygen side from the hydrogen side, proton transport is increased which is the key to safely increasing solar-to-hydrogen efficiency. On September 26, 2017, we filed a PCT Application that was later nationalized in the U.S. on March 26, 2019. The U.S. patent application for this important invention is pending and prosecution is ongoing.

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## Strategic Partners

As of October 1, 2022, we have renewed our sponsored research agreement with the University of Iowa. In the event the research agreement is terminated by the sponsor, the sponsor shall pay all costs accrued by the University as of the date of termination, including non-cancellable obligations. This term of the research agreement runs through September 30, 2023.

As of October 1, 2022, the sponsored research agreement with the University of Michigan has been extended through September 30, 2023.

In February 2021, we entered into a cooperation agreement with SCHMID Group of Freudenberg, Germany. Due to delays associated with supply chain challenges brought on by the Covid-19 pandemic, the cooperation agreement was extended to fully complete the work scope with no additional cost to the company. Through the collaboration, we identified key manufacturing needs in the areas of electroplating chemistries, substrate processing and membrane and catalyst integration that require collaboration with specialized industry partners. To address these scale-up challenges, we have since adopted a more diversified scale-up strategy. Our work with SCHMID Group continues with a narrowed concentration. SCHMID Group will focus on the design and engineering of our generator housing as we continue scaling our technology to larger dimensions.

## Competition

Currently, most hydrogen is produced by steam reforming of natural gas or methane. This production technology dominates due to easy availability and low prices of natural gas. Partial oxidation of petroleum oil is second in production capacity after steam reforming of natural gas. The third largest production technology in terms of production capacity is steam gasification of coal. Key players in the traditional hydrogen production industry include Linde, Air Liquide, Air Products, Praxair, and more.

At this time, however, we view our primary competition as companies that have developed or are currently developing renewable hydrogen production technology. Green or renewable hydrogen can be produced through electrolyzers if the electrolyzers are powered by renewable energy sources, such as solar or wind. Some of these companies include:

Plug Power: Plug Power (Stock symbol: PLUG) is engaged in the development of hydrogen fuel cell systems that replace conventional batteries in equipment and vehicles powered by electricity. The company is currently building green hydrogen plants to produce at least 70 tons of liquid green hydrogen daily by the end of 2022 and 500 tons daily by 2025.

NEL Hydrogen: NEL Hydrogen (Stock symbol: NLLSF) delivers solutions to produce, store, and distribute hydrogen from renewable energy. The company's hydrogen solutions cover the entire value chain from hydrogen production technologies to hydrogen fueling stations, enabling industries to transition to green hydrogen.

Fusion Fuel: Fusion Fuel (Stock symbol: HTOO) has developed a modular solar to hydrogen solution, combining proven solar concentration technology with a proprietary micro-electrolyzer that allows it to produce zero-emissions green hydrogen at highly competitive costs. The company sells its HEVO-Solar technology to customers interested in producing their own green hydrogen. It also develops company-owned green hydrogen farms.

ITM Power: ITM Power (Stock symbol: ITMPF) designs, manufactures, and integrates electrolyzers based on proton exchange membrane technology to produce green hydrogen using renewable electricity and tap water. ITM Power works with strategic partners including Linde, Shell, Snam, Hyundai, and Honda to scale its impact and industrial reach.

McPhy: McPhy (Stock symbol: MCPHY) specializes in the design, production and integration of high pressure alkaline electrolyzers and hydrogen stations. McPhy has five development, engineering and production sites in France, Italy, and Germany, and it is backed by solid and constantly-evolving European industrial foundations.

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If not powered by renewable sources, electrolyzers require external electricity most likely created by coal, gas or oil. We believe that our process when fully developed may potentially offer a competitive advantage as we anticipate it will be fully renewable and utilize no external power other than the sun. However, it should be noted that the renewable hydrogen market is rich with competitors, like the companies mentioned above, who have already successfully commercialized green hydrogen production technologies. We anticipate that existing leaders will continue to hone the efficiency of their products and drive down cost of green hydrogen per kilogram, thus creating a more competitive, challenging environment for emerging, not-yet-commercialized technologies such as our own.

### **Corporate Information**

We were incorporated in the State of Nevada on February 18, 2009. Our executive offices are located at 10 E. Yanonali St., Suite 36, Santa Barbara, CA 93101.

### **Employees**

As of September 1, 2022, we have 7 full-time employees and several consultants. We have not experienced any work stoppages and we consider relations with our employees and consultants to be good. Our research and development work is performed at our Coralville, Iowa laboratory, as well as with the University of Iowa and the University of Michigan through sponsored research agreements, and in collaboration with our industrial partners.

### **Item 1A. Risk Factors.**

#### **Risks related to our business and industry**

*Our limited operating history does not afford investors a sufficient history on which to base an investment decision.*

We were formed in February 2009 and are currently developing a new technology that has not yet gained market acceptance. There can be no assurance that we will ever operate profitably or that we will have adequate working capital to meet our obligations as they become due.

Investors must consider the risks and difficulties frequently encountered by early stage companies, particularly in rapidly evolving markets. Such risks include the following:

- competition;
- need for acceptance of products;
- ability to continue to develop and extend brand identity;
- ability to anticipate and adapt to a competitive market;
- ability to effectively manage rapidly expanding operations;
- amount and timing of operating costs and capital expenditures relating to expansion of our business, operations, and infrastructure; and
- dependence upon key personnel.

We cannot be certain that our business strategy will be successful or that we will successfully address these risks. In the event that we do not successfully address these risks, our business, prospects, financial condition, and results of operations could be materially and adversely affected and we may have to curtail our business.

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***We have a history of losses and have never realized revenues to date. We expect to continue to incur losses and no assurance can be given that we will realize revenues. Accordingly, we may never achieve and sustain profitability.***

As of June 30, 2022, we have an accumulated deficit of \$82,946,019. For the year ended June 30, 2022 we incurred a net income of \$90,030,933, due to a non-cash change in derivatives. We expect to continue to incur net losses until we are able to realize revenues to fund our continuing operations. We may fail to achieve any or significant revenues from sales or achieve or sustain profitability. Accordingly, there can be no assurance of when, if ever, we will be profitable or be able to maintain profitability.

We have historically raised funds through various capital raising transactions. We will require additional funds in the future to fund our business plans, either through additional equity or debt financings or collaborative agreements or from other sources. We have no commitments to obtain such additional financing, and we may not be able to obtain any such additional financing on terms favorable to us, or at all. In the event we are unable to obtain additional financing, we may be unable to implement our business plan. Even with such financing, we have a history of operating losses and there can be no assurance that we will ever become profitable.

***We may be unable to manage our growth or implement our expansion strategy.***

We may not be able to develop our product or implement the other features of our business strategy at the rate or to the extent presently planned. Our projected growth will place a significant strain on our administrative, operational and financial resources. If we are unable to successfully manage our future growth, establish and continue to upgrade our operating and financial control systems, recruit and hire necessary personnel or effectively manage unexpected expansion difficulties, our financial condition and results of operations could be materially and adversely affected.

***We may not be able to successfully develop and commercialize our technologies which would result in continued losses and may require us to curtail or cease operations.***

We are currently working to scale the lab-scale prototypes of our nanoparticle technology to larger, commercial-scale prototypes. However, we have not completed a large-scale commercial prototype of our technology and are uncertain at this time when completion of a commercial scale prototype will occur. Although the lab scale prototype demonstrates the viability of our technology, there can be no assurance that we will be able to commercialize our technology.

***Our revenues will be dependent upon acceptance of our products by the market; the failure of which would cause us to curtail or cease operations.***

We believe that virtually all of our revenues will come from the sale or license of our products. As a result, we will continue to incur substantial operating losses until such time as we are able to develop our product and generate revenues from the sale or license of our products. There can be no assurance that businesses and customers will adopt our technology and products, or that businesses and prospective customers will agree to pay for or license our products. Our technology and product, when fully developed, may not gain market acceptance due to various factors such as not enough cost savings between our method of producing hydrogen and other more conventional methods. In the event that we are not able to significantly increase the number of customers that purchase or license our products, or if we are unable to charge the necessary prices or license fees, our financial condition and results of operations will be materially and adversely affected.

***We anticipate that we will face intense competition, and many of our competitors have substantially greater resources than we do.***

We operate in a competitive environment that is characterized by price fluctuation and technological change. We anticipate that we will compete with major international and domestic companies. Some of our current and future potential competitors may have greater market recognition and customer bases, longer operating histories and substantially greater financial, technical, marketing, distribution, purchasing, manufacturing, personnel and other resources than we do. In addition, competitors may be developing similar technologies with a cost similar to, or lower than, our projected costs. As a result, they may be able to respond more quickly to changing customer demands or to devote greater resources to the development, promotion and sales of solar and solar-related products than we can.

Our business plan relies on sales of our products based on either a demand for truly renewable clean hydrogen or economically produced clean hydrogen. If we fail to compete successfully, our business would suffer and we may lose or be unable to gain market share. Neither the demand for our product nor our ability to manufacture at commercial scale have yet been proven.

***Because our industry is highly competitive and has low barriers to entry, we may lose market share to larger companies that are better equipped to weather a deterioration in market conditions due to increased competition.***

We believe that our ability to compete depends in part on a number of factors outside of our control, including:

- the ability of our competitors to hire, retain and motivate qualified personnel;
- the ownership by competitors of proprietary tools to customize systems to the needs of a particular customer;
- the price at which others offer comparable services and equipment;
- the extent of our competitors' responsiveness to customer needs; and
- installation technology.

Currently, competing methods of hydrogen production include steam reforming of natural gas or methane, which dominates due to its easy availability and low price; partial oxidation of petroleum oil; steam gasification of coal; and electrolyzers powered by solar or wind energy. There can be no assurance that we will be able to compete successfully against current and future competitors. If we are unable to compete effectively, or if competition results in a deterioration of market conditions, our business and results of operations would be adversely affected.

***Our business depends on proprietary technology that we may not be able to protect and may infringe on the intellectual property rights of others.***

Our success will depend, in part, on our technology's commercial viability and on the strength of our intellectual property rights. We currently hold patents in the US, China, Australia, and Europe but still have several patents pending in multiple countries. There is no guarantee the pending patents will be granted. In addition, any agreements we enter into with our employees, consultants, advisors, customers and strategic partners will contain restrictions on the disclosure and use of trade secrets, inventions and confidential information relating to our technology may not provide meaningful protection in the event of unauthorized use or disclosure.

Third parties may assert that our technology, or the products we, our customers or partners commercialize using our technology, infringes upon their proprietary rights. We have yet to complete an infringement analysis and, even if such an analysis were available at the current time, it is virtually impossible for us to be certain that no infringement exists, particularly in our case where our products have not yet been fully developed.

We may need to acquire licenses from third parties in order to avoid infringement. Any required license may not be available to us on acceptable terms, or at all.

We could incur substantial costs in defending ourselves in suits brought against us for alleged infringement of another party's intellectual property rights as well as in enforcing our rights against others, and if we are found to infringe, the manufacture, sale and use of our or our customers' or partners' products could be enjoined. Any claims against us, with or without merit, would likely be time-consuming, requiring our management team to dedicate substantial time to addressing the issues presented. Furthermore, the parties bringing claims may have greater resources than we do.

***We do not maintain theft or casualty insurance and only maintain modest liability and property insurance coverage and therefore, we could incur losses as a result of an uninsured loss.***

We do not maintain theft, casualty insurance, or property insurance coverage. We cannot assure that we will not incur uninsured liabilities and losses as a result of the conduct of our business. Any such uninsured or insured loss or liability could have a material adverse effect on our results of operations.

***If we lose key employees and consultants or are unable to attract or retain qualified personnel, our business could suffer.***

Our success is highly dependent on our ability to attract and retain qualified scientific, engineering and management personnel. We are highly dependent on our CEO, Timothy Young, and our development team at the University of Iowa. The loss of this valuable resource could have a material adverse effect on our operations. There can be no assurance that they will remain associated with us. Our management's efforts will be critical to us as we continue to develop our technology and as we attempt to transition from a development stage company to a company with commercialized products and services. If we were to lose Mr. Young or the services of the development team at the university or any other key employees or consultants, we may experience difficulties in competing effectively, developing our technology and implementing our business strategies.

***The loss of strategic alliances used in the development of our products and technology could impede our ability to complete our product and result in a material adverse effect causing the business to suffer.***

We pursue strategic alliances with other companies in areas where collaboration can produce technological and industry advancement. For example, we have entered into a sponsored research agreement with the University of Michigan which expired on September 30, 2022. The Company has extended its agreement as of October 1, 2022.

***The COVID-19 pandemic may negatively affect our operations.***

The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. The continuing impacts of COVID-19 are highly unpredictable and could be significant, and may have an adverse effect on our business, operations and our future financial performance.

The impact of the pandemic on our business, operations and future financial performance could include, but is not limited to, that:

- We may experience delays in our product development;
- The rapid and broad-based shift to a remote working environment creates inherent productivity, connectivity, and oversight challenges; and
- Volatility in the equity markets could affect the value of our equity to shareholders and have an impact on our ability to raise capital.

## **Risks relating to our common stock**

### ***There is a limited trading market for our common stock.***

Our common stock is not listed on any national securities exchange. Accordingly, investors may find it more difficult to buy and sell our shares than if our common stock was traded on an exchange. Although our common stock is quoted on the OTC Pink, it is an unorganized, inter-dealer, over-the-counter market which provides significantly less liquidity than the Nasdaq Capital Market or other national securities exchange. Further, there is limited trading in our common stock. These factors may have an adverse impact on the trading and price of our common stock.

### ***Our common stock could be subject to extreme volatility.***

The trading price of our common stock may be affected by a number of factors, including events described in the risk factors set forth in this report, as well as our operating results, financial condition and other events or factors. In addition to the uncertainties relating to future operating performance and the profitability of operations, factors such as variations in interim financial results or various, as yet unpredictable, factors, many of which are beyond our control, may have a negative effect on the market price of our common stock. In recent years, broad stock market indices, in general, and smaller capitalization companies, in particular, have experienced substantial price fluctuations. In a volatile market, we may experience wide fluctuations in the market price of our common stock and wide bid-ask spreads. These fluctuations may have a negative effect on the market price of our common stock. In addition, the securities market has, from time to time, experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

### ***We anticipate that our issuance of common stock upon conversion of outstanding convertible notes will result in dilution to our stockholders.***

As of June 30, 2022, we have outstanding \$827,500 in convertible notes that are convertible into common stock at variable conversion prices (see Note 5 to the financial statements included in this report). We anticipate that our issuance of common stock upon conversion of outstanding convertible notes will result in dilution to holders of our common stock, which may have a negative effect on the price of our common stock. In addition, as of June 30, 2022, we have outstanding warrants to purchase 94,895,239 shares of common stock and options to purchase 157,695,711 shares of common stock, and our issuance of shares of common stock upon exercise of outstanding warrants or options may result in additional dilution to our stockholders.

### ***We have never paid common stock dividends and have no plans to pay dividends in the future, as a result our common stock may be less valuable because a return on an investor's investment will only occur if our stock price appreciates.***

Holders of shares of our common stock are entitled to receive such dividends as may be declared by our Board of Directors. To date, we have paid no cash dividends on our shares of common stock and we do not expect to pay cash dividends on our common stock in the foreseeable future. We intend to retain future earnings, if any, to provide funds for operations of our business. Therefore, any return investors in our common stock will be in the form of appreciation in the market value of our shares of common stock, which may not occur.

### ***Our common stock is subject to the SEC's penny stock rules.***

Unless our common stock is listed on a national securities exchange, including the Nasdaq Capital Market, or we have stockholders' equity of \$5,000,000 or less and our common stock has a market price per share of less than \$5.00, transactions in our common stock will be subject to the SEC's "penny stock" rules. If our common stock remains subject to the "penny stock" rules promulgated under the Securities Exchange Act of 1934, broker-dealers may find it difficult to effectuate customer transactions and trading activity in our securities may be adversely affected.

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In accordance with these rules, broker-dealers participating in transactions in low-priced securities must first deliver a risk disclosure document that describes the risks associated with such stocks, the broker-dealer's duties in selling the stock, the customer's rights and remedies and certain market and other information. Furthermore, the broker-dealer must make a suitability determination approving the customer for low-priced stock transactions based on the customer's financial situation, investment experience and objectives. Broker-dealers must also disclose these restrictions in writing to the customer, obtain specific written consent from the customer, and provide monthly account statements to the customer. The effect of these restrictions will probably decrease the willingness of broker-dealers to make a market in our common stock, decrease liquidity of our common stock and increase transaction costs for sales and purchases of our common stock as compared to other securities. Our management is aware of the abuses that have occurred historically in the penny stock market.

This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

***Our articles of incorporation allow for our board to create new series of preferred stock without further approval by our stockholders, which could adversely affect the rights of the holders of our common stock.***

Our board of directors has the authority to fix and determine the relative rights and preferences of preferred stock. Our board of directors has the authority to issue up to 5,000,000 shares of our preferred stock without further stockholder approval. As a result, our board of directors could authorize the issuance of a series of preferred stock that would grant to holders of preferred stock the right to our assets upon liquidation, or the right to receive dividend payments before dividends are distributed to the holders of common stock. In addition, our board of directors could authorize the issuance of a series of preferred stock that has greater voting power than our common stock or that is convertible into our common stock, which could decrease the relative voting power of our common stock or result in dilution to our existing stockholders.

***Additional stock offerings in the future may dilute then-existing shareholders' percentage ownership of the Company.***

Given our plans and expectations that we will need additional capital, we anticipate that we will need to issue additional shares of common stock or securities convertible or exercisable for shares of common stock, including convertible preferred stock, convertible notes, stock options or warrants. We anticipate that our issuance of additional common stock or securities convertible into or exercisable into common stock in the future will dilute the percentage ownership of then current stockholders.

## **Item 2. Properties.**

Our principal office address is 10 E. Yanonali St., Suite 36, Santa Barbara, CA, 93101. Our independent laboratory is located at the BioVentures Center at 2500 Crosspark Rd., Coralville, IA 52241.

## **Item 3. Legal Proceedings.**

We are not currently a party to, nor is any of our property currently the subject of, any material legal proceedings.

## **Item 4. Mine Safety Disclosures.**

Not Applicable.

## PART II

### Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is quoted on the OTC Pink under the symbol “HYSR”

#### Common Stock

Our Articles of Incorporation, as amended, authorizes the issuance of 10,000,000,000 shares of common stock, \$0.001 par value per share and 5,000,000 shares of preferred stock, par value \$0.001 per share.

All outstanding shares of common stock are of the same class and have equal rights and attributes. The holders of our common stock are entitled to one vote per share on all matters submitted to a vote of our stockholders. All stockholders are entitled to share equally in dividends, if any, as may be declared from time to time by the Board of Directors out of funds legally available. In the event of liquidation, the holders of our common stock are entitled to share ratably in all assets remaining after payment of all liabilities. The stockholders do not have cumulative or preemptive rights.

As of September 24, 2022, our common stock was held by approximately 190 stockholders of record.

#### Dividend Policy

We have never declared or paid any cash dividends on our common stock. We do not anticipate paying any cash dividends to stockholders in the foreseeable future. In addition, any future determination to pay cash dividends will be at the discretion of the Board of Directors and will be dependent upon our financial condition, results of operations, capital requirements, and such other factors as the Board of Directors deem relevant. There are no restrictions in our articles of incorporation or bylaws that restrict us from declaring dividends.

#### Equity Compensation Plan Information

On January 23, 2019, our Board adopted the Company’s 2019 Equity Incentive Plan (the “Plan”). The stated purpose of the Plan is to promote the success of the Company and to increase stockholder value by providing an additional means through the grant of awards to attract, motivate, retain and reward selected employees and other eligible persons. The maximum number of shares of the Company’s common stock that can be issued under the Plan is 300,000,000. The Plan has been approved by stockholders.

The following table sets forth information about our equity compensation plans as of June 30, 2022.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise prices of outstanding options, warrants and rights	Number of securities remaining available for future issuance under the equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	
Equity compensation plans approved by security holders	138,894,499	\$ 0.0099	43,670,096
Equity compensation plans not approved by security holders	113,966,451	0.0976	-
<b>Total</b>	<b>252,860,950</b>		<b>43,670,096</b>

#### Recent Sales of Unregistered Securities

None

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## Issuer Purchases of Equity Securities

None.

## Item 6. [Reserved.]

## Item 7. Management’s Discussion and Analysis of Financial Conditions and Results of Operations.

Certain statements in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” below, and elsewhere in this annual report, are not related to historical results, and are forward-looking statements.

Forward-looking statements present our expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements frequently are accompanied by such words such as “may,” “will,” “should,” “could,” “expects,” “plans,” “intends,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue,” or the negative of such terms or other words and terms of similar meaning. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements, or timeliness of such results. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such forward-looking statements. We disclaim any obligation to publicly update these statements, or disclose any difference between actual results and those reflected in these statements, except as may be required under applicable law

Subsequent written and oral forward looking statements attributable to us or to persons acting in our behalf are expressly qualified in their entirety by the cautionary statements and risk factors set forth below and elsewhere in this annual report, and in other reports filed by us with the SEC.

You should read the following description of our financial condition and results of operations in conjunction with the financial statements and accompanying notes included in this Annual Report beginning on page F-1.

### Overview

At SunHydrogen, we are developing a breakthrough, low-cost technology to make renewable hydrogen using sunlight and any source of water, including seawater and wastewater. The only byproduct of hydrogen fuel is pure water, unlike hydrocarbon fuels such as oil, coal and natural gas that release carbon dioxide and other contaminants into the atmosphere when used. By optimizing the science of water electrolysis at the nano-level, our low-cost nanoparticles mimic photosynthesis to efficiently use sunlight to separate hydrogen from water, ultimately producing environmentally friendly renewable hydrogen. Using our low-cost method to produce renewable hydrogen, we intend to enable a world of distributed hydrogen production for renewable electricity and hydrogen fuel cell vehicles.

### Results of Operations for the Year Ended June 30, 2022 compared to the Year Ended June 30, 2021

#### Operating Expenses

For the year ended June 30, 2022, operating expenses were \$4,475,225, compared to \$5,806,480 for the year ended June 30, 2021. Operating expenses consist primarily of research and development expenses and general and administrative expenses incurred in connection with the operation of our business. The net decrease of \$1,331,255 in operating expenses was a result of a decrease in research and development of \$204,729, a decrease in equity financing fees of \$1,667,650, a decrease in professional fees of \$424,604, with an increase in marketing of \$259,565, an increase in non-cash stock compensation of \$700,745, and an overall increase of \$5,418.

#### Other Income/(Expenses)

Other income and (expenses) for the year ended June 30, 2022 was \$94,506,158 compared to \$(75,691,643) for the year ended June 30, 2021. The majority of the increase of \$170,197,801 in other income was the result of the increase in net change in derivatives of \$170,031,049, an increase in loss on redemption of marketable securities of \$76,792, an increase in dividend expense of \$7,925, an increase in investment income of \$233,118, and an increase in loss on settlement of debt of \$1,835, with an overall decrease of \$20,186.

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### **Net Income (Loss)**

For the year ended June 30, 2022, our net income was \$90,030,933, compared to a net loss of \$(81,498,123), for the year ended June 30, 2021. The majority of the increase in net income of \$171,529,056, was related primarily to the net change in derivative estimates each year. These estimates are based on multiple inputs, including the market price of our stock, interest rates, our stock price, volatility, variable conversion prices based on market prices defined in the respective agreements and probabilities of certain outcomes based on managements' estimates. These inputs are subject to significant changes from period to period, therefore, the estimated fair value of the derivative liabilities will fluctuate from period to period, and the fluctuation may be material. The Company has not generated any revenues.

### **Liquidity and Capital Resources**

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. Significant factors in the management of liquidity are funds generated by operations, levels of accounts receivable and accounts payable and capital expenditures.

As of June 30, 2022, we had a working capital surplus of \$24,865,577, compared to a working capital deficit of \$(80,099,103) as of June 30, 2021. This decrease in working capital deficit of \$(104,964,680) was primarily due to the change in derivative liability.

During the year ended June 30, 2022, we raised an aggregate of \$960,000 from registered offerings of common stock through a private placement. During the year ended June 30, 2021, we raised an aggregate of \$62,223,350 in registered offerings of common stock and from the exercise of warrants, and \$450,000 in private placements of convertible notes.

Cash flow used in operating activities was \$3,435,037 for the year ended June 30, 2022, compared to \$5,379,489 for the year ended June 30, 2021. The decrease of \$1,944,452 in cash used by operating activities was primarily due to a decrease in professional fees. The Company has had no revenues.

Cash used in investing activities for the year ended June 30, 2022 and June 30, 2021 was \$24,400,032 and \$167,866, respectively. The increase in investing activities was as a result of the purchase of marketable securities.

Cash used in financing activities during the year ended June 30, 2022 was \$490,000, compared to cash provided by financing of \$61,358,900 for the year ended June 30, 2021. The decrease in cash provided by financing activities was due to a decrease in common stock purchase agreements.

We have historically obtained funding from investors, through private placements and registered offerings of equity and debt securities. Management believes that the Company will be able to continue to raise funds through the sale of its securities to its existing shareholders and prospective new investors which will provide the additional cash needed to meet the Company's obligations as they become due and will allow the Company to continue to develop its core business. There can be no assurance that we will be able to continue raising the required capital for our operations on terms and conditions that are acceptable to us, or at all. If we are unable to obtain sufficient funds, we may be forced to curtail and/or cease our operation.

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, result of operations, liquidity or capital expenditures.

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### **Critical Accounting Policies**

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to impairment of property, plant and equipment, intangible assets, deferred tax assets and fair value computation using the Binomial lattice valuation pricing model. We base our estimates on historical experience and on various other assumptions, such as the trading value of our common stock and estimated future undiscounted cash flows, that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions; however, we believe that our estimates, including those for the above-described items, are reasonable.

### **Use of Estimates**

In accordance with accounting principles generally accepted in the United States, management utilizes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates and assumptions relate to recording, useful lives and impairment of tangible and intangible assets, derivatives, accruals, income taxes, stock-based compensation expense, binomial model inputs and other factors. Management believes it has exercised reasonable judgment in deriving these estimates. Consequently, a change in conditions could affect these estimates.

### **Fair Value of Financial Instruments**

Fair value of financial instruments, requires disclosure of the fair value information, whether or not recognized in the balance sheet, where it is practicable to estimate that value. As of June 30, 2022 and 2021, the amounts reported for cash, accrued interest and other expenses, notes payables, and derivative liability approximate the fair value because of their short maturities.

### **Recently Adopted Accounting Pronouncements**

Management adopted recently issued accounting pronouncements during the year ended June 30, 2022, as disclosed in the Notes to the financial statements included in this report.

### **Item 7A. Quantitative and Qualitative Disclosure About Market Risk.**

Not required for a smaller reporting company.

### **Item 8. Financial Statements.**

All financial information required by this Item is attached hereto at the end of this report beginning on page F-1 and is hereby incorporated by reference.

### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

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## **Item 9A. Controls and Procedures.**

### **Evaluation of Disclosure Controls and Procedures.**

Our management, with the participation of our CEO and our Acting CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our CEO and our Acting CFO concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective to ensure that information required to be disclosed is made known to management and others, as appropriate, to allow timely decision regarding required disclosure and that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and (ii) accumulated and communicated to our management, including our CEO and Acting CFO, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

### **Management's Annual Report on Internal Control over Financial Reporting.**

We are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company's internal control over financial reporting is a process designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of June 30, 2022 based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of June 30, 2022, based on those criteria.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permanently exempt smaller reporting companies

### **Changes in Internal Controls**

There has been no change in our internal control over financial reporting that occurred during the three months ended June 30, 2022 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

## **Item 9B. Other Information.**

None.

## **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

Not applicable.

### PART III

#### Item 10. Directors, Executive Officers and Corporate Governance.

The following table sets forth information about our executive officers and directors:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Timothy Young	57	President, CEO, Acting CFO and Chairman of the Board of Directors
Mark J. Richardson	69	Director
Woosuk Kim	57	Chief Operating Officer and Director

#### **Timothy Young – President, CEO, Acting CFO and Chairman of the Board of Directors**

Tim Young is an accomplished executive with over fifteen years of management experience in media and Internet technology companies. Mr. Young was appointed President, CEO and Chairman of the Company in August 2009. Mr. Young was appointed Acting CFO in 2010.

Through his outreach to the public and to leaders in the renewable energy field, Mr. Young has bolstered the company's visibility as a key player in the developing green hydrogen market and rallied a strong investor base. Mr. Young's proven fundraising ability, along with his leadership and direction of SunHydrogen's long-term and short-term goals and strategies, has enabled the company to engage international industrial partners, attract top industry scientists, and most importantly continue to hit milestones toward commercializing its nanoparticle-based green hydrogen technology.

Prior to founding SunHydrogen, Mr. Young demonstrated a track record of success in management and leadership positions bringing new products to the market in the digital, cable and broadcast media industries. Mr. Young was the President of Rovion, a digital advertising company, where he increased revenues through a channel sales strategy that included companies such as Clear Channel, Disney, CBS, and Fox Television and bolstered the company's technical capabilities through strategic acquisitions.

Prior to Rovion, Mr. Young enjoyed a decade-long career at Time Warner Inc. where he served as Vice President and Regional Vice President of various divisions including America Online and Time Warner Cable. During his tenure, Mr. Young built some of the highest performing sales organizations at Time Warner with responsibilities ranging from product development and marketing to staff training and leadership development. He led the California and Hawaii sales teams which accounted for over \$200 million in revenues with 250 sales and marketing personnel.

Mr. Young's track record of success and over fifteen years of management and leadership experience bringing new products to the market qualifies him to be a board member of the Company.

#### **Mark J. Richardson – Director**

Mr. Richardson was appointed as a director in June 2018. Mr. Richardson has been a securities lawyer since he graduated from the University of Michigan Law School in 1978. He practiced as an associate and partner in large law firms until 1993, when he established his own practice under the name Richardson & Associates. He has been the principal securities counsel on a variety of equity and debt placements for corporations, partnerships, and real estate companies. His practice includes public and private offerings, venture capital placements, debt restructuring, compliance with federal and state securities laws, representation of publicly traded companies, Nasdaq filings, corporate law, partnerships, joint ventures, mergers, asset acquisitions, and stock purchase agreements. As a partner in a major international law firm in the 1980's, Mr. Richardson participated in the leveraged buyout and recapitalization of a well-known producer of animated programming for children, financed by Prudential Insurance and Bear Stearns, Inc. He was also instrumental in restructuring the public debentures of a real estate company without resorting to a bankruptcy proceeding. From 1986 to 1993 Mr. Richardson was a contributing author to State Limited Partnerships Laws – California Practice Guide, Prentice Hall Law and Business. Prior to receiving his Juris Doctor degree cum laude from the University of Michigan Law School in 1978, Mr. Richardson received a Bachelor of Science degree summa cum laude in Resource Economics from the University of Michigan School of Natural Resources in 1975, where he earned the Bankstrom Prize for academic excellence and achieved Phi Beta Kappa honors. Mr. Richardson is an active member of the Los Angeles County and California State Bar Associations, including the Section on Corporations, Business and Finance and the Section on Real Estate.

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The Board has determined that Mr. Richardson is qualified to serve as a director because of his extensive experience as a practicing attorney representing small companies.

### **Woosuk Kim – Chief Operating Officer and Director**

Woosuk Kim has served as our chief operating officer and director since April 1, 2021. From May 2011 to December 2019, Mr. Kim was senior vice president, head of M&A group at SK Innovation in Seoul, South Korea, responsible for expanding core businesses and developing new business opportunities in the renewable energy sector through cross border acquisitions and joint venture transactions. From August 2009 to May 2011 Mr. Kim was vice president, corporate development at SK Telekom. From August 2006 to March 2008, Mr. Kim was chief financial officer at Axon Financial Services in New York. From July 1998 to August 2006, Mr. Kim was executive director at Morgan Stanley in New York, responsible for developing and operating multi-billion dollar asset-backed securities funding platforms, investor marketing, and the corporate treasury function for Discover Card. He received an MBA from Cornell University and a BA from the University of Chicago. Mr. Kim's financial industry knowledge and experience qualify him to serve on our board of directors.

Directors are elected at our annual meeting of shareholders and serve for one year until the next annual meeting of shareholders or until their successors are elected and qualified.

### **Family Relationships**

There are no family relationships among our executive officers and directors.

### **Board Leadership Structure and Role in Risk Oversight**

Although we have not adopted a formal policy on whether the Chairman and Chief Executive Officer positions should be separate or combined, we have traditionally determined that it is in the best interests of the Company and its shareholders to combine these roles. Currently, our Chief Executive Officer also serves as Chairman of the Board. Due to the small size and early stage of the Company, we believe it is currently most effective to have the Chairman and Chief Executive Officer positions combined.

### **Involvement in Certain Legal Proceedings**

During the past ten years, none of our directors, executive officers, promoters, control persons, or nominees has been:

- the subject of any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- convicted in a criminal proceeding or is subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or any Federal or State authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;
- found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law.
- the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of (a) any Federal or State securities or commodities law or regulation; (b) any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or (c) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

## Committees of the Board

Due to the small size of the Company and its Board of Directors, we currently have no audit committee, compensation committee or nominations and governance committee of our board of directors. We do not have an audit committee financial expert.

## Code of Ethics

We have adopted a Code of Ethics that applies to all of our directors, officers and employees. A copy of the Code of Ethics can be obtained without charge upon request to Timothy Young, CEO and President, 10 E. Yanonali, Suite 36, Santa Barbara, CA 93101 and is also being incorporated by reference herein. Any waiver of the provisions of the Code of Ethics for executive officers and directors may be made only by the Board of Directors. Any such waivers will be promptly disclosed to our shareholders.

## Changes in Nominating Procedures

None.

## Item 11. Executive Compensation

The table below sets forth the compensation earned by our named executive officers during the last two fiscal years.

Name & Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Non-Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Timothy Young, CEO and Acting CFO	2021	\$ 315,125	335,000	-	-	-	-	-	\$ 650,125
	2022	\$ 340,385	354,000	-	-	-	-	-	\$ 694,385
Woosuk Kim, COO <sup>(1)</sup>	2021	68,750	-	-	-	-	-	-	\$ 68,750
	2022	264,423	206,250	-	-	-	-	-	\$ 470,673

(1) Mr. Kim was appointed our chief operating officer on April 7, 2021.

## Employment Agreements

On January 21, 2021, the Company entered into an employment agreement with Timothy Young, the Company's president, chief executive officer, acting chief financial officer, and chairman. Under the employment agreement, Mr. Young will continue to serve in such positions and will receive an annual base salary of \$354,000, effective as of January 1, 2021, which base salary will be reviewed annually by the Board. Mr. Young received a \$150,000 signing bonus under the employment agreement and his bonus opportunities will include up to an additional 100% of base salary upon meeting certain objectives to be set by the Board for each calendar year, payable at the end of each calendar quarter as the objectives are satisfied. In addition, upon the Company being up-listed to the Nasdaq Capital Market or New York Stock Exchange, Mr. Young will receive a \$250,000 bonus. Mr. Young will also receive a grant of one hundred million shares of restricted stock units, subject to a vesting schedule to be determined by the Board. If Mr. Young is terminated without "cause" or he resigns voluntarily for "good reason," as each term is defined in the agreement, he will be eligible to receive a lump sum of one year of his base salary and of his bonus and 100% of all outstanding unvested equity awards will vest immediately, with all outstanding unexercised stock options remaining exercisable for one year from the date of termination.

On April 1, 2021, the Company entered into an employment agreement with Woosuk Kim, pursuant to which Mr. Kim serves as our chief operating officer. Pursuant to the employment agreement, Mr. Kim received a signing bonus of \$55,000 and will receive an annual base salary of \$275,000, which will be reviewed and may be increased annually by the board of directors. He will also be eligible for an annual bonus of 75% of his annual base salary, upon meeting objectives set by the board of directors. In the event the Company uplists the Company's common stock to Nasdaq or the New York Stock Exchange, Mr. Kim will receive an additional bonus of \$150,000. In the event the Company merges with or acquires another company and has an increased market capitalization after the close of the transaction, Mr. Kim will receive an additional bonus of \$150,000. Mr. Kim will receive 50,000,000 restricted stock units of the Company, subject to a 24-month vesting schedule to be determined by the board of directors in its discretion. The employment agreement will terminate April 1, 2023, subject to the right of either party to terminate the employment agreement at any time upon written notice, provided that, in the event Mr. Kim is terminated prior to such date by the Company, without Cause (as defined in the employment agreement) or the company is sold, merged, or there is a Change of Control (as defined in the employment agreement), Mr. Kim will be entitled to certain severance payments and benefits including a payment equal to his annual base salary that would have accrued until April 1, 2023, a payment of his bonus amount that would have accrued until April 1, 2023, and immediate accelerated vesting of all outstanding unvested equity awards and any other stock awards.

### Outstanding Equity Awards at Fiscal Year-End

The following table discloses information regarding outstanding equity awards granted or accrued as of June 30, 2022, for our named executive officers.

Name	Outstanding Equity Awards					
	Option Awards			Stock Awards		
	Number of Securities Underlying Unexercised (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that have not Vested (\$)
Timothy Young	125,812,947	-	.0099	1/23/2026	-	-
Woosuk Kim	-	-	-	-	-	-

### Director Compensation

The following table sets forth compensation information regarding the Company's non-employee directors in fiscal 2022:

Name	Fees earned or paid in cash	Stock Award (\$)	Option Awards (\$)	Non-equity incentive plan compensation	Nonqualified deferred compensation earnings	Non-Equity Incentive Plan Compensation (\$)	Non-Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Mark R. Richardson	37,500	-	\$ -	-	-	-	-	-	37,500

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The following table sets forth certain information, as of October 7, 2022, concerning the number of shares of our common stock owned by: (i) each of our directors; (ii) each of our named executive officers; and (iii) each person or group known by us to beneficially own more than 5% of our outstanding shares of common stock.

We believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

A person is deemed to be the beneficial owner of securities that can be acquired by him within 60 days of October 7, 2022, upon the exercise or conversion of options, warrants or convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants or convertible securities that are held by him, but not those held by any other person, and which are exercisable within 60 days of September 30, 2022 or have been exercised and converted.

Name and address	Shares of Common Stock	Percentage of Common Stock (1)
<b>Directors and Officers (2)</b>		
Timothy A. Young	133,812,947(3)	3.1%
Mark R. Richardson	3,081,552(4)	*
Woosuk Kim	-	--
All officers and directors as a group (3 persons)	136,894,499	3.2%

\* Less than 1%.

(1) Based upon 4,271,749,146 shares issued and outstanding as of October 7, 2022.

(2) The address for each of the officers and directors is c/o SunHydrogen, Inc. 10 E. Yanonali, Suite 36, Santa Barbara, CA 93101

(3) Includes 125,812,947 shares underlying options.

(4) Represents shares underlying options.

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### **Item 13. Certain Relationships and Related Transactions, and Director Independence.**

#### **Certain Relationships and Related Transactions**

On July 20, 2021, the Company entered into redemption agreements with Timothy Young, the Company's chief executive officer, Mark Richardson, a director of the Company, and with a consultant of the Company. Pursuant to the redemption agreements, the Company redeemed an aggregate of 24,887,463 options to purchase shares of common stock of the Company (including 16,300,618 options held by Mr. Young with an exercise price of \$0.0099, 4,289,636 options held by Mr. Richardson with an exercise price of \$0.0099, and 4,297,209 options held by the consultant with an exercise price of \$0.01) for a redemption price of \$0.05828 per option (with respect to the options held by Mr. Young and Mr. Richardson) or \$0.05818 per option (with respect to the options held by the consultant).

As of June 30, 2022, the Company owed \$211,750 to Timothy Young in accrued salary.

#### **Director Independence**

The Board has determined that Mr. Richardson is an independent director within the meaning of NASDAQ Rule 5605(a)(2).

### **Item 14. Principal Accountant Fees and Services.**

#### **Audit Fees**

The aggregate fees billable to us by our principal accounting firm during 2022 and 2021 for the audit of our annual financial statements and review of financial statements included in the our Form 10-Qs or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years, were approximately \$32,000 and \$34,800, respectively.

#### **Audit-Related Fees**

We incurred fees of \$0 and \$0 for the years ended June 30, 2022 and 2021, respectively, to our principal accountant for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees" above.

#### **Tax Fees**

We did not incur fees for services rendered to us for tax compliance, tax advice, or tax planning by our principal accountant for the fiscal years ended June 30, 2022 and 2021.

#### **All Other Fees**

Our current policy is to not engage M&K CPAS, PLLC to provide, among other things, bookkeeping services, appraisal or valuation services, or international audit services. The policy provides that we engage M&K CPAS, PLLC to provide audit, and other assurance services, such as review of SEC reports or filings.

**Item 15. Exhibits and Financial Statement Schedules.**

(1) Financial statements.

The SunHydrogen, Inc. financial statements are included in Item 8. Financial Statements and Supplementary Data.

(2) Financial statement schedules: None.

(3) Exhibits

Exhibit	Description
3.1	<a href="#">Articles of Incorporation of filed with the Nevada Secretary of State on February 18, 2009 (incorporated by reference to S-1 filed on February 5, 2010).</a>
3.2	<a href="#">Articles of Amendment of Articles of Incorporation filed with the Nevada Secretary of State on September 11, 2009 (incorporated by reference to S-1 filed February 5, 2010).</a>
3.3	<a href="#">Articles of Amendment of Articles of Incorporation of filed with the Nevada Secretary of State on November 21, 2013 (incorporated by reference 8-K filed on November 21, 2013).</a>
3.4	<a href="#">Articles of Amendment of Articles of Incorporation filed with the Nevada Secretary of State on September 13, 2018. (incorporated by reference to 10-K filed on September 25, 2018).</a>
3.5	<a href="#">Certificate of Designation of Series A Preferred Stock (incorporated by reference to the Company's Form 8-K filed February 2, 2022)</a>
3.6	<a href="#">Certificate of Designation of Series B Preferred Stock (incorporated by reference to the Company's Form 8-K filed November 26, 2019)</a>
3.7	<a href="#">Certificate of Designation of Series C Preferred Stock (incorporated by reference to the Company's Form 8-K filed December 17, 2021)</a>
3.8	<a href="#">Certificate of Amendment to Articles of Incorporation (incorporated by reference to 8-K filed January 3, 2020)</a>
3.9	<a href="#">Articles of Merger (incorporated by reference to 8-K filed June 15, 2020)</a>
3.10	<a href="#">Certificate of Amendment to Articles of Incorporation (incorporated by reference to 10-Q filed May 16, 2022)</a>
3.11	<a href="#">Amended and Restated Bylaws (incorporated by reference to 8-K filed February 2, 2022)</a>
4.1	<a href="#">Description of Registrant's Securities</a>
10.1	<a href="#">2019 Equity Incentive Plan (incorporated by reference to Form S-8 on December 19, 2018)</a>
10.2	<a href="#">Convertible Promissory Note dated November 10, 2017 (incorporated by reference to Form 10-Q on May 15, 2018)</a>
10.3	<a href="#">Convertible Promissory Note dated June 27, 2018 (incorporated by reference to Form 8-K filed on June 29, 2018)</a>
10.4	<a href="#">Convertible Promissory Note issued August 10, 2018 (incorporated by reference to Form 8-K filed on August 14, 2018)</a>

- 10.5 [Form of Placement Agent Warrant \(incorporated by reference to 8-K filed December 3, 2020\)](#)
- 10.6 [Form of Warrant \(incorporated by reference to 8-K filed February 26, 2021\)](#)
- 10.7 [Form of Placement Agent Warrant \(incorporated by reference to 8-K filed February 26, 2021\)](#)
- 10.8 [Cooperation Agreement between the Company and Gebr. SCHMID GmbH \(incorporated by reference to 8-K filed February 22, 2021\)](#)
- 10.9 [Employment Agreement between the Company and Timothy Young \(incorporated by reference to 8-K filed March 1, 2021\) \\*\\*\\*](#)
- 10.10 [Employment Agreement between the Company and Woosuk Kim \(incorporated by reference to 8-K filed April 7, 2021\) \\*\\*\\*](#)
- 10.11 [Extension Agreement between the Company and Gebr. SCHMID GmbH \(incorporated by reference to 10-K filed October 8, 2021\)](#)
- 10.12 [Contract, dated October 1, 2022, between the Company and The University of Iowa, Iowa City](#)
- 10.13 [Research Agreement, dated October 1, 2021, between the Company and Regents of the University of Michigan \(incorporated by reference to 10-K filed October 8, 2021\)](#)
- 10.14 [Research Agreement Amendment No. 1 between the Company and Regents of the University of Michigan](#)
- 10.15 [SunHydrogen, Inc. 2022 Stock Incentive Plan](#)
- 14.1 [Code of Ethics \(incorporated by reference to 10-K filed on September 28, 2012\)](#)
- 23.1 [Consent of M&K CPAS, LLC](#)
- 31.1\* [Certification by Chief Executive Officer and Acting Chief Financial Officer pursuant to Sarbanes-Oxley Section 302](#)
- 32.1\*\* [Certification by Chief Executive Officer and Acting Chief Financial Officer pursuant to 18 U.S.C. Section 1350](#)
- 101 [Inline XBRL Document Set for the consolidated financial statements and accompanying notes in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.](#)
- 104 [Inline XBRL for the cover page of this Annual Report on Form 10-K, included in the Exhibit 101 Inline XBRL Document Set.](#)

\* Filed herewith.

\*\* Furnished herewith.

\*\*\* Indicates management contract or compensatory plan or arrangement.

**SIGNATURES**

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

**SUNHYDROGEN, INC.**

Date: October 7, 2022

By: /s/ Timothy Young  
 Timothy Young  
 Chief Executive Officer,  
 Acting Chief Financial Officer,  
 and Chairman  
 (principal executive, financial and  
 accounting officer)

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

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ Timothy Young</u> Timothy Young	Chief Executive Officer, President (Principal Executive Officer) Acting Chief Financial Officer (Principal Financial and Accounting Officer), and Chairman	October 7, 2022
<u>/s/ Mark R. Richardson</u> Mark R. Richardson	Director	October 7, 2022
<u>/s/ Woosuk Kim</u> Woosuk Kim	Director	October 7, 2022



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders  
SunHydrogen, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying balance sheets of SunHydrogen, Inc. (the Company) as of June 30, 2022 and 2021, and the related statements of operations, shareholders' equity (deficit), and cash flows for each of the years in the two-year period ended June 30, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the two-year period ended June 30, 2022 in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

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

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

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

*Capital Stock and Other Equity Accounts*

As discussed in Note 3, the Company issued preferred stock to third and related parties. Auditing management's calculation of the fair value of the preferred shares issued can be a significant judgment due to the need of a specialist to evaluate the fair value of the preferred shares issued and the auditor has to test the inputs and estimates used.

Auditing management's calculation of the fair value of the options and warrants issued can be a significant judgment given the fact that the Company uses management estimates on various inputs to the calculations.

We evaluated management's conclusions regarding their fair values and reviewed support for the significant inputs used in the valuation model, as well as assessing the model for reasonableness. In addition, we evaluated the Company's disclosure in relation to this matter included in Notes 3 to the financial statements

/s/ M&K CPAS, PLLC

M&K CPAS, PLLC

We have served as the Company's auditor since 2020

Houston, TX  
October 7, 2022

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**SUNHYDROGEN, INC.**  
**BALANCE SHEETS**

	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalent	\$ 27,681,485	\$ 56,006,555
Marketable securities	24,323,240	-
Prepaid expense	2,526	-
Other receivable	14,868	-
<b>TOTAL CURRENT ASSETS</b>	<u>52,022,119</u>	<u>56,006,555</u>
<b>PROPERTY &amp; EQUIPMENT</b>		
Computers and peripherals	11,529	11,529
Vehicle	155,000	155,000
	166,529	166,529
Less: accumulated depreciation	(46,933)	(11,072)
<b>NET PROPERTY AND EQUIPMENT</b>	<u>119,596</u>	<u>155,457</u>
<b>OTHER ASSETS</b>		
Domain, net of amortization of \$4,931 and \$4,577, respectively	384	738
Trademark, net of amortization of \$601 and \$486, respectively	542	657
Patents, net of amortization of \$29,779 and \$23,215, respectively	71,364	77,928
<b>TOTAL OTHER ASSETS</b>	<u>72,290</u>	<u>79,323</u>
<b>TOTAL ASSETS</b>	<u>\$ 52,214,005</u>	<u>\$ 56,241,335</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and other payables	\$ 57,390	\$ 223,520
Accrued expenses	3,070	11,912
Accrued expenses, related party	211,750	214,820
Accrued interest on convertible notes	191,763	282,505
Derivative liability	26,015,069	135,247,303
Convertible promissory notes, net of debt discount of \$0 and \$416,472, respectively	677,500	125,598
<b>TOTAL CURRENT LIABILITIES</b>	<u>27,156,542</u>	<u>136,105,658</u>
<b>LONG TERM LIABILITIES</b>		
Convertible promissory notes, net of debt discount of \$0 and \$0, respectively	150,000	703,000
<b>TOTAL LONG TERM LIABILITIES</b>	<u>150,000</u>	<u>703,000</u>
<b>TOTAL LIABILITIES</b>	<u>27,306,542</u>	<u>136,808,658</u>
<b>COMMIMENTS AND CONTINGENCIES (SEE NOTE 9)</b>		
	-	-
Series C 10% Preferred Stock, 2,700 and 0 shares issued and outstanding, redeemable value of \$270,000 and \$0, respectively	270,000	-
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>		
Preferred Stock, \$0.001 par value; 5,000,000 authorized preferred shares outstanding	4,271,749	3,849,308
Common Stock, \$0.001 par value; 10,000,000,000 authorized common shares 4,271,749,146 and 3,849,308,495 shares issued and outstanding, respectively	-	-
Additional Paid in Capital	103,311,733	88,560,321
Accumulated deficit	(82,946,019)	(172,976,952)
<b>TOTAL SHAREHOLDERS' EQUITY (DEFICIT)</b>	<u>24,637,463</u>	<u>(80,567,323)</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 52,214,005</u>	<u>\$ 56,241,335</u>

The accompanying notes are an integral part of these financial statements

**SUNHYDROGEN, INC.**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	Year Ended	
	June 30, 2022	June 30, 2021
REVENUE	\$ -	\$ -
<b>OPERATING EXPENSES</b>		
Selling and Marketing	372,604	113,039
General and administrative expenses	2,267,270	3,674,282
Research and development cost	1,792,457	1,997,186
Depreciation and amortization	42,894	21,973
<b>TOTAL OPERATING EXPENSES</b>	<b>4,475,225</b>	<b>5,806,480</b>
<b>LOSS FROM OPERATIONS BEFORE OTHER INCOME (EXPENSES)</b>	<b>(4,475,225)</b>	<b>(5,806,480)</b>
<b>OTHER INCOME/(EXPENSES)</b>		
Investment income	239,953	6,835
Gain on sale of asset	-	1,473
Dividend expense	(7,925)	-
Loss on settlement of debt	(1,835)	-
Loss on redemption of marketable securities	(76,792)	-
Loss on settlement of derivative liability	(1,109,761)	-
Gain (Loss) on change in derivative liability	96,001,226	(75,139,584)
Interest expense	(538,708)	(560,367)
<b>TOTAL OTHER INCOME (EXPENSES)</b>	<b>94,506,158</b>	<b>(75,691,643)</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 90,030,933</b>	<b>\$ (81,498,123)</b>
<b>COMMON STOCK WARRANTS DEEMED DIVIDENDS</b>	<b>-</b>	<b>(15,928,314)</b>
<b>NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS</b>	<b>\$ 90,030,933</b>	<b>\$ (97,426,437)</b>
<b>BASIC EARNINGS (LOSS) PER SHARE</b>	<b>\$ 0.02</b>	<b>\$ (0.04)</b>
<b>DILUTED EARNINGS (LOSS) PER SHARE</b>	<b>\$ 0.02</b>	<b>\$ (0.04)</b>
<b>WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING</b>		
BASIC	4,103,301,026	2,756,925,374
DILUTED	5,217,576,101	2,756,925,374

The accompanying notes are an integral part of these audited financial statements

**SUNHYDROGEN, INC.**  
**STATEMENTS OF SHAREHOLDERS' EQUITY/(DEFICIT)**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

YEARS ENDED JUNE 30, 2022 AND 2021

	Preferred stock		Mezzanine	Common stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount		Shares	Amount			
Balance at June 30, 2020	-	\$ -	\$ -	2,053,410,164	\$ 2,053,410	\$ 11,664,657	\$ (75,550,515)	\$ (61,832,448)
Issuance of common stock for cash purchase agreements	-	-	-	576,554,289	576,554	42,746,796	-	43,323,350
Issuance of common stock for cash purchase of warrants	-	-	-	252,000,000	252,000	18,648,000	-	18,900,000
Issuance of common stock for conversion of debt and accrued interest	-	-	-	963,537,752	963,538	448,382	-	1,411,920
Issuance of common stock for services	-	-	-	3,806,290	3,806	114,217	-	118,023
Issuance of common stock warrants deemed dividends	-	-	-	-	-	15,928,314	(15,928,314)	-
Common stock and warrants compensation expense	-	-	-	-	-	259,955	-	259,955
Redemption of related parties stock options	-	-	-	-	-	(1,250,000)	-	(1,250,000)
Net Loss	-	-	-	-	-	-	(81,498,123)	(81,498,123)
Balance at June 30, 2021	-	-	-	3,849,308,495	3,849,308	88,560,321	(172,976,952)	(80,567,323)
Issuance of common stock for cash	-	-	-	40,983,607	40,984	919,016	-	960,000
Issuance of common stock for conversion of debt and accrued interest	-	-	-	381,457,044	381,457	(19,073)	-	362,384
Fair value of convertible notes and	-	-	-	-	-	14,340,769	-	14,340,769

accrued interest in exchange for Series C Preferred Stock									
Fair value of preferred stock in exchange for convertible note	-	-	270,000	-	-	-	-	-	-
Redemption of related parties stock options	-	-	-	-	-	(1,450,000)	-	(1,450,000)	
Stock compensation	-	-	-	-	-	960,700	-	960,700	
Net Income	-	-	-	-	-	-	90,030,933	90,030,933	
Balance at June 30, 2022	-	\$ -	\$ 270,000	4,271,749,146	\$ 4,271,749	\$ 103,311,733	\$ (82,946,019)	\$ 24,637,463	

The accompanying notes are an integral part of these audited financial statements

**SUNHYDROGEN, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	Years Ended	
	June 30, 2022	June 30, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income (loss)	\$ 90,030,933	\$ (81,498,123)
Adjustment to reconcile net income (loss) to net cash (used in) provided by operating activities		
Depreciation & amortization expense	42,894	21,973
Stock based compensation expense	960,700	259,955
Stock issued for services	-	118,023
Loss on settlement of debt and derivative	1,109,761	-
Loss on settlement of convertible note	1,835	-
Loss on redemption of marketable securities	76,792	-
Net (Gain) Loss on change in derivative liability	(96,001,226)	75,139,584
Amortization of debt discount recorded as interest expense	442,603	416,472
Gain on sale of van	-	(1,473)
Change in assets and liabilities :		
Prepaid expense	(17,394)	9,378
Accounts payable	(166,131)	22,277
Accrued expenses	(11,912)	15,234
Accrued interest on convertible notes	96,107	117,211
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(3,435,038)</b>	<b>(5,379,489)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of marketable securities	(24,400,032)	-
Proceeds from sale of van	-	46,000
Purchase of tangible assets	-	(213,866)
<b>NET CASH USED IN INVESTING ACTIVITIES:</b>	<b>(24,400,032)</b>	<b>(167,866)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash payoff of convertible notes	-	(64,450)
Redemption of related parties stock options	(1,450,000)	(1,250,000)
Proceeds from convertible notes	-	450,000
Net proceeds from common stock purchase agreements	960,000	62,223,350
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(490,000)</b>	<b>61,358,900</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(28,325,070)</b>	<b>55,811,545</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>56,006,555</b>	<b>195,010</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 27,681,485</b>	<b>\$ 56,006,555</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest paid	\$ -	\$ 26,843
Taxes paid	\$ -	\$ -
<b>SUPPLEMENTAL DISCLOSURES OF NON CASH TRANSACTIONS</b>		
Fair value of common stock upon conversion of convertible notes , and accrued interest	\$ 362,384	\$ 1,411,920
Fair value of common stock issued for services	\$ -	\$ 118,023
Issuance of common stock purchase warrants deemed dividends	\$ -	\$ 15,928,314
Fair value of convertible notes at issuance	\$ -	\$ 450,000
Fair value of preferred stock in exchange for convertible note	\$ 14,340,769	\$ -
Fair value of derivative liability removed	\$ 13,231,008	\$ -
Preferred stock issued upon exchange of convertible note	\$ -	\$ -

\$ 268,165 \$ -

The accompanying notes are an integral part of these audited financial statements

**SUNHYDROGEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS – AUDITED**  
**JUNE 30, 2022 AND 2021**

1. ORGANIZATION AND LINE OF BUSINESS

Organization

SunHydrogen, Inc. (the “Company”) was incorporated in the state of Nevada on February 18, 2009. The Company, based in Santa Barbara, California, began operations on February 19, 2009 to develop and market a solar concentrator technology.

Line of Business

The company is currently developing a novel solar-powered nanoparticle system that mimics photosynthesis to separate hydrogen from water. We intend for technology of this system to be used for the production of renewable hydrogen to produce renewable electricity and hydrogen for fuel cells.

Going Concern Substantial Doubt Alleviated

In connection with the preparation of its financial statements for the years ended June 30, 2022 and 2021, the Company’s management evaluated the Company’s ability to continue as a going concern in accordance with the ASU 2014-15, *Presentation of Financial Statements—Going Concern (Subtopic 205-40)*, which requires an assessment of relevant conditions or events, considered in the aggregate, that are known or reasonably knowable by management on the issuance dates of the financial statements, which indicated the probable likelihood that the Company will be able to meet its obligations as they become due within one year after the issuance date of the financial statements.

As part of its evaluation, management assessed known events, trends, commitments, and uncertainties, which included the amount of capital recently and/or in the process of being raised, and the current level of investment within the green hydrogen industry and the measure of investor confidence.

For the year ended June 30, 2022, the Company’s operating income increased to approximately \$90,030,933, compared to an operating loss of approximately \$81,498,123 in the prior year ended June 30, 2021. The increase in operating income consisted primarily of the non-cash change in derivative liability fair value.

During the year ended June 30, 2022, the Company consummated financing transactions for up to \$960,000 of proceeds for the purchase of common stock of the Company. The proceeds were used for general and administration expenses, and the cost of research and development. The research and development transaction is further discussed in Note 8 – *Commitments and Contingencies*.

Based on its evaluation, coupled with the afore-mentioned financing transactions management believes that it has completely mitigated the circumstance that led to a doubt with respect to the Company’s ability to continue as a going concern, which existed at the time of the filing of the Company’s prior annual report. The Company’s cash and cash equivalents of \$27.7 million as of June 30, 2022 will enable it to meet its obligations for twelve months from the date these financial statements are available to be issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of SunHydrogen, Inc. is presented to assist in understanding the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Cash and Cash Equivalent

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Concentration risk

Cash includes amounts deposited in financial institutions in excess of insurable Federal Deposit Insurance Company (FDIC) limits. At times throughout the year, the Company may maintain cash balances in certain bank accounts in excess of the FDIC limits. As of June 30, 2022, the cash balance in excess of the FDIC limits was \$27,136,224. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in these accounts.

**SUNHYDROGEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS – AUDITED**  
**JUNE 30, 2022 AND 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marketable Securities

The Company considers corporate bonds (“bonds”) as investments due to their ratings. The bonds are rated based on their default probability, health of the corporation’s debt structure, as well as the overall health of the economy. The bonds fall into the category as investments if they have a rating of AAA and BBB.

All investments are considered current, based on to their liquidity. The investments are generally valued using quoted prices and are classified in Level 2 of the fair value hierarchy as prices are not always from active markets. We consider our investments held to maturity and we believe there are no other than temporary declines in fair value. Our investments are recorded at historical cost.

Use of Estimates

In accordance with accounting principles generally accepted in the United States, management utilizes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates and assumptions relate to useful lives and impairment of tangible and intangible assets, accruals, income taxes, stock-based compensation expense, Binomial lattice valuation model inputs, derivative liabilities and other factors. Management believes it has exercised reasonable judgment in deriving these estimates. Consequently, a change in conditions could affect these estimates.

Property and Equipment

Property and equipment are stated at cost and are depreciated using straight line over its estimated useful lives.

Computers and peripheral equipment	5 Years
Vehicle	5 Years

The Company recognized depreciation expense of \$35,861 and \$14,940 for the years ended June 30, 2022 and 2021, respectively.

Intangible Assets

The Company has patent applications to protect the inventions and processes behind its proprietary bio-based back-sheet, a protective covering for the back of photovoltaic solar modules traditionally made from petroleum-based film. Intangible assets that have finite useful lives continue to be amortized over their useful lives.

	<u>Useful Lives</u>	<u>6/30/2022</u>	<u>6/30/2021</u>
Domain-gross	15 years	\$ 5,315	\$ 5,315
Less accumulated amortization		(4,931)	(4,577)
Domain-net		<u>\$ 384</u>	<u>\$ 738</u>
Trademark-gross	10 years	\$ 1,143	\$ 1,143
Less accumulated amortization		(601)	(486)
Domain-net		<u>\$ 542</u>	<u>\$ 657</u>
Patents-gross	15 years	\$ 101,143	\$ 101,143
Less accumulated amortization		(29,779)	(23,215)
Patents-net		<u>\$ 71,364</u>	<u>\$ 77,928</u>

The Company recognized amortization expense of \$7,033 and \$7,033 for the years ended June 30, 2022 and 2021, respectively.

**SUNHYDROGEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS – AUDITED**  
**JUNE 30, 2022 AND 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Earnings (Loss) per Share Calculations

Net earnings (Loss) per share dictates the calculation of basic earnings (loss) per share and diluted earnings per share. Basic earnings (loss) per share are computed by dividing by the weighted average number of common shares outstanding during the year. Diluted net earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the effect of stock options and stock-based awards (Note 4), plus the assumed conversion of convertible debt (Note 5).

**Year Ended June 30, 2022**

The Company calculated the dilutive impact of the 157,965,711 outstanding stock options of 94,895,239 common stock purchase warrants, and the convertible debt and accrued interest of \$1,019,263, which is convertible into shares of common stock. The common stock purchase warrants were not included in the calculation of net earnings per share, because their impact on income per share is antidilutive.

**Year Ended June 30, 2021**

For the year ended June 30, 2021, the Company calculated the dilutive impact of 182,853,174 outstanding stock options, 94,895,239 outstanding warrants, and convertible debt including accrued interest for an aggregate total of \$1,527,575, which is convertible into shares of common stock. The stock options, warrants and convertible debt were not included in the calculation of net earnings per share, because their impact was antidilutive.

	<b>Years Ended</b>	
	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
Income (Loss) to common shareholders (Numerator)	\$ 90,030,933	\$ (97,426,437)
Basic weighted average number of common shares outstanding (Denominator)	4,103,301,026	2,756,925,374
Diluted weighted average number of common shares outstanding (Denominator)	5,217,576,101	2,756,925,374

Equity Incentive Plan and Stock Options

On January 27, 2022, the Company adopted the 2022 Equity Incentive Plan, to enable the Company to attract and retain the types of employees, consultants, and directors who will contribute to the Company's long-range success. The maximum number of shares of common stock that may be issued under the 2022 Plan will initially be 400,000,000. The number of shares will automatically be increased on the first day of the Company's fiscal year beginning in 2023 so that the total number of shares issuable will at all times equal fifteen percent (15%) of the Company's fully diluted capitalization on the first day of the Company's fiscal year, unless the Board adopts a resolution providing that the number of shares issuable under the 2022 Plan shall not be so increased.

Equity Incentive Plan

On December 17, 2018, the Board of Directors approved and adopted the 2019 Equity Incentive Plan ("the Plan"), with 300,000,000 shares reserved for issuance pursuant to the Plan. The purpose of the Plan is to promote the success of the Company and to increase stockholder value by providing an additional means through the grant of awards to attract, motivate, retain and reward selected employees and other eligible persons. The awards are performance-based compensation that are granted under the Plan as incentive stock options (ISO) or nonqualified stock options. The per share exercise price for each option shall not be less than 100% of the fair market value of a share of common stock on the date of grant of the option. The Company periodically issues stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing cost. The Company accounts for stock option grants issued and vesting to employees and non-employees in accordance with the authoritative guidance of the Financial Accounting Standards Board whereas the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Non-employee stock-based compensation charges generally are amortized over the vesting period on a straight-line basis. In certain circumstances where there are no future performance requirements by the non-employee, option grants are immediately vested, and the total stock-based compensation charge is recorded in the period of the measurement date. The Company granted options to purchase 170,000,000 shares of common stock options on January 23, 2019. During the years ended June 30, 2022 and 2021, the Company redeemed 24,887,463 and 13,146,826 stock options, respectively, for a total aggregate of 38,034,289.

As of June 30, 2022, there were 157,695,711 stock options issued, and a reserve of 43,670,096.



**SUNHYDROGEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS – AUDITED**  
**JUNE 30, 2022 AND 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock Based Compensation

The Company accounts for stock option grants issued and vesting to employees and non-employees in accordance with the authoritative guidance of the Financial Accounting Standards Board whereas the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Non-employee stock-based compensation charges generally are amortized over the vesting period on a straight-line basis. In certain circumstances where there are no future performance requirements by the non-employee, option grants are immediately vested, and the total stock-based compensation charge is recorded in the period of the measurement date.

Warrant Accounting

The Company accounts for the warrants to purchase shares of common stock using the estimated fair value on the date of issuance as calculated using the Black-Scholes valuation model.

Fair Value of Financial Instruments

Fair value of financial instruments requires disclosure of the fair value information, whether or not recognized on the balance sheet, where it is practicable to estimate that value. As of June 30, 2022, the amounts reported for cash, accrued interest and other expenses, notes payables, convertible notes, and derivative liability approximate the fair value because of their short maturities.

We adopted ASC Topic 820 for financial instruments measured as fair value on a recurring basis. ASC Topic 820 defines fair value, established a framework for measuring fair value in accordance with accounting principles generally accepted in the United States and expands disclosures about fair value measurements.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 established a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets.
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active.
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

**SUNHYDROGEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS – AUDITED**  
**JUNE 30, 2022 AND 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

We measure certain financial instruments at fair value on a recurring basis. Assets and liabilities measured at fair value on a recurring basis are as follows on June 30, 2022 and 2021 (See Note 6):

	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<b>Assets:</b>				
Marketable securities measured at fair value June 30, 2022	\$ 43,446,041	\$ 19,420,075	\$ 24,025,966	\$ -
<b>Liabilities:</b>				
Derivative liabilities measured at fair value June 30, 2022	\$ 26,015,069	\$ -	\$ -	\$ 26,015,069
Derivative liabilities measured at fair value June 30, 2021	\$ 135,247,303	\$ -	\$ -	\$ 135,247,303

The following is a reconciliation of the derivative liability for which Level 3 inputs were used in determining the approximate fair value:

Balance as of June 30, 2021	135,247,303
Fair value of derivative liability removed	(13,231,008)
Gain on change in derivative liability	(96,001,226)
Balance as of June 30, 2022	\$ 26,015,069

Research and Development

Research and development costs are expensed as incurred. Total research and development costs were \$1,792,457 and \$1,997,186 for the years ended June 30, 2022 and 2021, respectively.

Accounting for Derivatives

The Company evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, the Company uses a probability weighted average series Binomial lattice formula pricing models to value the derivative instruments at inception and on subsequent valuation dates.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Income Taxes

Deferred income taxes are provided using the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry-forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates of the date of enactment.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than (50%) fifty percent likely to be realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Reclassification of Expenses

Certain amounts in the 2021 financial statements have been reclassified to conform to the presentation used in the 2022 financial statements. There was no material effect on the Company's previously issued financial statements.

Recently Issued Accounting Pronouncements

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying audited financial statements as of June 30, 2022.



**SUNHYDROGEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS – AUDITED**  
**JUNE 30, 2022 AND 2021**

3. CAPITAL STOCK

**Series A Preferred Stock**

On January 27, 2022, the Company filed a certificate of designation of Series A Preferred Stock with the Secretary of State of Nevada, designating 1,000 shares of preferred stock as Series A Preferred Stock, and issued 1,000 shares of Series A Preferred Stock to Timothy Young, the Company's chief executive officer as stock-based compensation. The Series A Preferred Stock does not have any dividend rights or liquidation preferences. The Series A preferred shares entitles the holder to 51% of the voting power of the Company's stockholders. The Series A Preferred Stock were to automatically be redeemed by the Company at their par value of \$0.001 per share, on the first to occur of the following events: (i) a date sixty days after the effective date of the certificate of designation, (ii) the date that Tim Young ceases to serve as officer, director or consultant of the Company, or (iii) on the date that the Company's shares of common stock first trade on any national securities exchange and such listing is conditioned upon the elimination of the preferential voting rights of the Series A Preferred Stock. The estimated control premium for the voting control of the Series A Preferred Stock was 14.1%. The following assumptions were used: (i) control value of \$22,101,999, (ii) control time period of 60 days, (iii) risk equivalent to the WACC of 26.4%. The common stock price was \$0.0348, with a market capitalization based on the fully diluted common and preferred shares outstanding. The net fair value of the Series Preferred Stock was \$960,700, which was recognized in the financial statements as additional paid in capital and recorded as stock-based compensation expense. The preferred shares expired March 27, 2022, and there were no outstanding shares as of June 30, 2022.

**Series C Preferred Stock**

On December 15, 2021, the Company filed a certificate of designation of Series C Preferred Stock with the Secretary of State of Nevada, designating 17,000 shares of preferred stock as Series C Preferred Stock. Each share of Series C Preferred Stock has a stated value of \$100 and is convertible into shares of common stock of the Company at a conversion price equal to \$0.00095. The Series C Preferred Stock holders are entitled to receive out of any funds and assets of the Company legally available prior and in preference to any declaration or payment of any dividend on the common stock of the Company, cumulative dividends, at an annual rate of 10% of the stated value, payable in cash or shares of common stock. In the event the Company declares or pays a dividend on its shares of common stock (other than dividend payable in shares of common stock), the holders of Series C Preferred Stock will also be entitled to receive payment of such dividend on an as-if-converted basis with respect to the Series C Preferred Stock. The Series C Preferred Stock confers no voting rights on holders, except with respect to matters that materially and adversely affect the voting powers, rights or preferences of the Series C Preferred Stock or as otherwise required by applicable law.

The Company entered into a securities purchase agreement on December 15, 2021, with an accredited investor for an exchange of convertible debt to equity. Under the purchase agreement, the Company and investor acknowledged there was \$187,800 of principal remaining under the note issued to the investor by the Company on February 3, 2017, plus \$80,365 of accrued interest, representing a total aggregate note balance of \$268,165. Pursuant to the purchase agreement, the Company sold to investor 2,700 shares of the Company's newly designated Series C Preferred Stock for a total purchase price of \$268,165, and a loss on settlement of debt of \$1,835. As of June 30, 2022, the Company had a total of 2,700 shares of Series C Preferred Stock outstanding with a fair value of \$268,165, and a stated face value of one hundred dollars (\$100) ("share value") per share and is convertible into shares of fully paid and non-assessable shares of common stock of the Company. The stock was presented as mezzanine equity because it is redeemable at a fixed or determinable amount upon an event that is outside of the issuer's control. Upon liquidation, dissolution and winding up of the Corporation either voluntary or involuntary, the holder of each outstanding share of Series C Preferred Stock shall be entitled to receive, out of the assets of the Corporation available for distribution to its shareholders upon such liquidation, before any payments shall be made or any assets distributed to the holders of the common stock, the stated value of the Series C Preferred Shares plus any declared but unpaid dividends. No other current or future equity holders of the Corporation shall have higher priority of liquidation preference than holders of Series C Preferred Stock. The Holder has the right, at any time, at its election, to convert shares of Series C Preferred Stock into common stock at a conversion price of \$0.00095.

**Per Valuation**

Preferred shares issued	\$ 2,700
Stated value of debt and interest	\$ 268,165
Calculated fair value of preferred shares	\$ 14,340,769
Fair value of derivative liability removed	\$ (13,231,008)
Loss on settlement	<u>\$ (1,109,761)</u>

The Company recognized a loss on settlement of \$1,109,761 for the extinguishment of convertible debt, plus derivative liability for the year ended June 30, 2022.

**SUNHYDROGEN, INC.**  
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3. CAPITAL STOCK (Continued)

**Common Stock**

On January 27, 2022, the holder of the majority of the voting power of the shareholders of the Company, and the Company's chief executive officer, approved by written consent (i) an amendment to the Company's articles of incorporation to increase the Company's authorized shares of common stock from 5,000,000,000 to 10,000,000,000, (ii) an amendment to the Company's articles of incorporation to effect a reverse stock split of the Company's common stock by a ratio of not less than 1-for-100 and not more than 1-for-500 at any time prior to the one year anniversary of filing the definitive information statement with respect to the reverse split, with the board of directors having the discretion as to whether or not the reverse split is to be effected, and with the exact ratio of any reverse split to be set at a whole number within the above range as determined by the board in its discretion, and (iii) the adoption of the Company's 2022 Equity Incentive Plan. Such shareholder approval for such actions became effective 20 days after the definitive information statement relating to such actions was mailed to shareholders.

**Year ended June 30, 2022**

During the years ended June 30, 2022, the Company issued 381,457,044 shares of common stock upon conversion of convertible notes in the amount of \$255,900 of principal, plus accrued interest of \$106,484 based upon a conversion price of \$0.00095 per share. The notes were converted per the terms of their respective agreements and therefore no gain or loss on the conversion was recorded.

During the year ended June 30, 2022, the Company issued 40,983,607 shares of common stock pursuant to a purchase agreement for cash at a price of \$0.02745 per share for aggregate net proceeds of \$960,000.

**Year ended June 30, 2021**

During the year ended June 30, 2021, the Company issued 576,554,289 shares of common stock under purchase agreements for cash at prices ranging from \$0.022 - \$0.15 per share for aggregate net proceeds of \$43,323,350.

During the year ended June 30, 2021, the Company issued 252,000,000 shares of common stock upon exercise of warrants at an exercise price of \$0.075 per share for gross proceeds of \$18,900,000.

During the year ended June 30, 2021, the Company issued 963,537,752 shares of common stock upon conversion of convertible notes in the amount of \$1,144,350 of principal, plus accrued interest of \$265,770 and other fees of \$1,800 based upon conversion prices ranging from \$0.00095 - \$0.017995 per share. All note conversions were performed per the terms of their respective agreements and therefore no gain or loss on the conversion was recorded.

During the year ended June 30, 2021, the Company issued 3,806,290 shares of common stock for services rendered at fair value prices of \$0.028 - \$0.035 per share in the aggregate amount of \$118,023.

4. OPTIONS AND WARRANTS

**OPTIONS**

On October 2, 2017, the Company granted options to purchase 10,000,000 shares of non-qualified common stock options. Each option expires on the date specified in the option agreement, which date is not later than the fifth (5<sup>th</sup>) anniversary from the grant date of the options. Of the 10,000,000 non-qualified common stock options, one-third vest immediately, and one-third vest the second and third year, such that the options are fully vested with a maturity date of October 2, 2022 and are exercisable at an exercise price of \$0.01 per share.

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4. OPTIONS AND WARRANTS (Continued)

On January 23, 2019, the Company issued 170,000,000 stock options. One-third of the options vested immediately, and the remainder vest 1/24 per month over the first twenty-four months following the option grant. The options expire 10 years from the initial grant date. The options fully vested by January 23, 2022.

On January 31, 2019, the Company issued 6,000,000 stock options, of which two-third (2/3) vested immediately, and the remaining amount shall vest one-twelfth (1/12) per month from after the date of the option grant. The options expire 10 years from the initial grant date. The options fully vested on January 31, 2020.

On July 22, 2019, the Company issued 10,000,000 stock options, of which one-third (1/3) vested immediately, and the remaining shall vest one-twenty fourth (1/24) per month from after the date of the option grant. The options expire 10 years from the initial grant date. The options fully vested on July 22, 2020.

A summary of the Company's stock option activity and related information follows:

	6/30/2022		6/30/2021	
	Number Of Options	Weighted average exercise price	Number Of Options	Weighted average exercise price
Outstanding, beginning of period	182,853,174	\$ 0.01	196,000,000	\$ 0.01
Granted	-	\$ 0.01	-	-
Exercised	-	-	-	-
Redemption of options	(24,887,463)	\$ 0.0099	(13,146,826)	\$ 0.0099
Outstanding, end of period	<u>157,965,711</u>	<u>\$ 0.0089</u>	<u>182,853,174</u>	<u>\$ 0.0089</u>
Exercisable at the end of period	<u>157,965,711</u>	<u>\$ 0.0089</u>	<u>182,853,174</u>	<u>\$ 0.0089</u>

During the year ended June 30, 2022, the Company redeemed a total of 24,887,463 shares of the Company's stock options from related parties for a total of \$1,450,000, leaving a balance of 157,965,711 stock options outstanding.

During the year ended June 30, 2021, the Company redeemed a total of 13,146,826 shares of the Company's stock options from related parties for a total of \$1,250,000, leaving a balance of 182,853,174 stock options outstanding.

The company's reasons for the option redemption action for CEO, Director, and consultant included:

- Retention of said persons who had been with the company for years with no benefit of stock compensation due to volatility
- This action allowed for more price stability in the stock.
- Allowed the company to retain more shares in the equity incentive program established at the time.

The weighted average remaining contractual life of options outstanding as of June 30, 2022 and 2021 was as follows:

	6/30/2022				6/30/2021				
	Exercise Price	Stock Options Outstanding	Stock Options Exercisable	Weighted Average Remaining Contractual Life (years)	Exercise Price	Stock Options Outstanding	Stock Options Exercisable	Weighted Average Remaining Contractual Life (years)	
\$	0.0100	3,071,212	3,071,212	0.26	\$	0.0100	7,369,421	7,368,421	1.26
\$	0.0097	6,000,000	6,000,000	3.59	\$	0.0097	6,000,000	6,000,000	4.59
\$	0.0099	138,894,499	138,894,499	3.57	\$	0.0099	159,484,753	159,484,753	4.57
\$	0.0060	10,000,000	10,000,000	4.06	\$	0.0060	10,000,000	10,000,000	5.06
		<u>157,965,711</u>	<u>157,965,711</u>			<u>182,853,174</u>	<u>182,853,174</u>		

The stock-based compensation expense recognized in the statement of operations during the year ended June 30, 2022 and 2021, related to the granting of these options was \$0 and \$259,955, respectively.



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4. OPTIONS AND WARRANTS (Continued)

**WARRANTS**

As of June 30, 2022, the Company had an aggregate of 94,895,239 common stock purchase warrants outstanding, with exercise prices ranging from \$0.0938 - \$0.13125 per share. The warrants were estimated at fair value on the date of issuance as calculated using the Black-Scholes valuation model. The derivative calculated on all warrants outstanding are included in the derivative liability (See Note 6). The warrants can be exercised over periods of three (3) to five (5) years.

A summary of the Company’s warrant activity and related information follows for the year ended June 30, 2022.

	<b>6/30/2022</b>	
	<b>Number of Warrants</b>	<b>Weighted average exercise price</b>
Outstanding, beginning of fiscal year	94,895,239	\$ 0.11
Granted	-	-
Exercised	-	-
Forfeited/Expired	-	-
Outstanding, end of fiscal year	94,895,239	\$ 0.11
Exercisable at the end of fiscal year	94,895,239	\$ 0.11

		<b>6/30/2022</b>			<b>Weighted Average Remaining Contractual Life (years)</b>
<b>Exercise Price</b>		<b>Warrants Outstanding</b>	<b>Warrants Exercisable</b>		
\$ 0.0938		16,800,000	16,800,000		0.93 - 1.50
\$ 0.13125		6,666,667	6,666,667		3.66
\$ 0.12		71,428,572	71,428,572		3.67
		94,895,239	94,895,239		

At June 30, 2022, the aggregate intrinsic value of the warrants outstanding was \$0.

5. CONVERTIBLE PROMISSORY NOTES

As of June 30, 2022, the outstanding convertible promissory notes are summarized as follows:

Convertible Promissory Notes	\$ 827,500
Less current portion	677,500
Total long-term liabilities	\$ 150,000

Maturities of long-term debt for the next three years are as follows:

<b>Period Ended June 30,</b>	<b>Amount</b>
2023	\$ 677,500
2024	100,000
2025	50,000
	\$ 827,500

At June 30, 2022, the outstanding balance of the convertible promissory notes was \$827,500.

**SUNHYDROGEN, INC.**  
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5. CONVERTIBLE PROMISSORY NOTES (Continued)

The Company issued a 10% convertible promissory note on February 3, 2017 (the “Feb 2017 Note”) in the aggregate principal amount of up to \$500,000. The Company received tranches for an aggregate principal total of \$500,000. The Feb 2017 Note had a maturity date of February 3, 2018, which the investor extended for an additional sixty (60) months from the effective date of the note, to February 3, 2022. The Feb 2017 Note was convertible into shares of common stock of the Company at a variable conversion price of the lesser of \$0.01 per share or fifty percent (50%) of the lowest trading price since the original effective date of the note or the lowest effective price per share granted to any person or entity after the effective date to acquire common stock. If the Company failed to deliver shares in accordance with the timeframe of three (3) business days of the receipt of a notice of conversion, the lender, at any time prior to selling all of those shares, could rescind any portion, in whole or in part of that particular conversion attributable to the unsold shares and have the rescinded conversion amount returned to the principal sum with the rescinded conversion shares returned to the Company. In no event was the lender be entitled to convert any portion of the Feb 2017 Note to the extent such conversion would result in beneficial ownership by the lender and its affiliates of more than 4.99% of the outstanding shares of common stock of the Company. In addition, for each conversion, in the event, that shares were not delivered by the fourth business day (inclusive of the day of conversion), a penalty of \$1,500 per day would be assessed for each day after the third business day (inclusive of the day of the conversion) until the shares are delivered. During the year ended June 30, 2022, the Company issued 180,480,692 shares of common stock upon conversion of principal in the amount of \$120,400, plus accrued interest of \$51,057. Also, during the year ended June 30, 2022, the Company exchanged the balance of the convertible note in the amount of \$187,800, plus accrued interest of \$80,365 for an aggregate total of \$268,165, for 2,700 Series C preferred shares with a stated value of \$100 per share and a 10% annual dividend (See Note 3). The preferred shares are convertible into common stock at a fixed conversion price of \$0.00095. The Company recognized a loss on exchange in the amount of \$1,835. The fair value of the convertible note and accrued interest in exchange for Series C preferred shares was \$14,340,769. The balance of the Feb 2017 Note as of June 30, 2022 was \$0.

The Company issued a 10% convertible promissory note on November 9, 2017 (the “Nov 2017 Note”) in the aggregate principal amount of up to \$500,000. The Company received tranches for an aggregate principal total of 500,000. The Nov 2017 Note had a maturity date of November 9, 2018, with an automatic extension of sixty (60) months from the effective date of the note. The Nov 2017 Note is convertible into shares of common stock of the Company at a price equal to a variable conversion price of the lesser of \$0.01 per share or fifty percent (50%) of the lowest trading price since the original effective date of the note or the lowest effective price per share granted to any person or entity after the effective date to acquire common stock. If the Company fails to deliver shares in accordance with the timeframe of three (3) business days of the receipt of a notice of conversion, the lender, at any time prior to selling all of those shares, may rescind any portion, in whole or in part of that particular conversion attributable to the unsold shares and have the rescinded conversion amount returned to the principal sum with the rescinded conversion shares returned to the Company. In no event shall the lender be entitled to convert any portion of the Nov 2017 Note to the extent such conversion would result in beneficial ownership by the lender and its affiliates of more than 4.99% of the outstanding shares of common stock of the Company. In addition, for each conversion in the event that shares are not delivered by the fourth business day (inclusive of the day of conversion), a penalty of \$1,500 per day shall be assessed for each day after the third business day (inclusive of the day of the conversion) until the shares are delivered. During the year ended June 30, 2022, the Company issued 200,976,352 shares of common stock upon the conversion of principal of \$135,500, plus the accrued interest of \$55,427. The balance of the Nov 2017 Note as of June 30, 2022 was \$177,500.

The Company issued a 10% convertible promissory note on June 27, 2018 (the “Jun 2018 Note”) in the aggregate principal amount of up to \$500,000. The Company received tranches for an aggregate principal total of \$500,000. The Jun 2018 Note matured on June 27, 2019, which was automatically extended for sixty (60) months from the effective date of the note. The Jun 2018 Note is convertible into shares of common stock of the Company at a price equal to a variable conversion price of the lesser of \$0.01 per share or fifty percent (50%) of the lowest trading price since the original effective date of the note or the lowest effective price per share granted to any person or entity after the effective date to acquire common stock. If the Company fails to deliver shares in accordance with the timeframe of three (3) business days of the receipt of a notice of conversion, the lender, at any time prior to selling all of those shares, may rescind any portion, in whole or in part of that particular conversion attributable to the unsold shares and have the rescinded conversion amount returned to the principal sum with the rescinded conversion shares returned to the Company. In no event shall the lender be entitled to convert any portion of the Jun 2018 Note to the extent such conversion would result in beneficial ownership by the lender and its affiliates of more than 4.99% of the outstanding shares of common stock of the Company. In addition, for each conversion, in the event, that shares are not delivered by the fourth business day (inclusive of the day of conversion), a penalty of \$1,500 per day shall be assessed for each day after the third business day (inclusive of the day of the conversion) until the shares are delivered. The Company recorded amortization of debt discount, which was recognized as interest expense in the amount of \$403,260 during the year ended June 30, 2022. The balance of the Jun 2018 Note as of June 30, 2022 was \$500,000.

The Company issued a 10% convertible promissory note on August 10, 2018 (the “Aug 2018 Note”) in the aggregate principal amount of up to \$100,000. The Aug 2018 Note had a maturity date of August 10, 2019, with an extension of sixty (60) months from the date of the note. The Aug 2018 Note matures on August 10, 2023. The Aug 2018 Note may be converted into shares of the Company’s common stock at a conversion price of the lesser of a) \$0.005 per share or b) sixty-one (61%) percent of the lowest trading price per common stock recorded on any trade day after the effective date. The conversion feature of the Aug 2018 Note was considered a derivative in accordance with current accounting guidelines because of the reset conversion features of the Note. The balance of the Aug 2018 Note as of June 30, 2022 was \$100,000.



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5. CONVERTIBLE PROMISSORY NOTES (Continued)

On April 15, 2020, the Company issued a convertible promissory note (the “Apr 2020 Note”) to an investor in the aggregate principal amount of \$50,000. The Company received tranches for an aggregate principal total of \$50,000. The Apr 2020 Note matures twelve (12) months from the effective dates of each respective tranche, such that the Apr 2020 Note matures on April 15, 2021, with an automatic extension of sixty (60) months from the effective date of each tranche. The Apr Note is convertible into shares of common stock of the Company at a variable conversion price of the lesser of \$0.01 per share or fifty percent (50%) of the lowest trading price of the common stock recorded on any trade day after the effective date, or (c) the lowest effective price per share granted to any person or entity after the effective date to acquire common stock. If the Company fails to deliver shares in accordance with the timeframe of four (4) business days of the receipt of a notice of conversion, the lender, at any time prior to selling all of those shares, may rescind any portion, in whole or in part of that particular conversion attributable to the unsold shares and have the rescinded conversion amount returned to the principal sum with the rescinded conversion shares returned to the Company. In no event shall the lender be entitled to convert any portion of the Apr 2020 Note to the extent such conversion would result in beneficial ownership by the lender and its affiliates of more than 4.99% of the outstanding shares of common stock of the Company. In addition, for each conversion, in the event that shares are not delivered by the fourth business day (inclusive of the day of conversion), a penalty of \$2,000 per day shall be assessed for each day after the fourth business day (inclusive of the day of the conversion) until the shares are delivered. The conversion feature of the April 2020 Note was considered a derivative in accordance with current accounting guidelines because of the reset conversion features of the Apr 2020 Note. The Company recorded amortization of debt discount, which was recognized as interest expense in the amount of \$39,343 during the year ended June 30, 2022. The balance of the Apr 2020 Note as of June 30, 2022 was \$50,000.

All note conversions were performed per the terms of their respective agreements. At June 30, 2022, the Company recognized a loss of \$1,109,761 on conversion of a convertible note in exchange for Series C preferred stock.

6. DERIVATIVE LIABILITIES

ASC Topic 815 provides guidance applicable to convertible debt issued by the Company in instances where the number into which the debt can be converted is not fixed. For example, when a convertible debt converts at a discount to market based on the stock price on the date of conversion, ASC Topic 815 requires that the embedded conversion option of the convertible debt be bifurcated from the host contract and recorded at their fair value. In accounting for derivatives under accounting standards, the Company recorded a liability representing the estimated present value of the conversion feature considering the historic volatility of the Company’s stock, and a discount representing the imputed interest associated with the embedded derivative. The discount is amortized over the life of the convertible debt, and the derivative liability is adjusted periodically according to stock price fluctuations.

The convertible notes issued do not have fixed settlement provisions because their conversion prices are not fixed. The conversion features have been characterized as derivative liabilities to be re-measured at the end of every reporting period with the change in value reported in the statement of operations.

During the year ended June 30 2022, the Company recorded a net gain in change in derivative of \$96,001,226 in the statement of operations due to the change in fair value of the remaining notes, for the year ended June 30, 2022.

At June 30, 2022 and 2021, the fair value of the derivative liabilities are as follows:

	<u>2022</u>	<u>2021</u>
Derivative liability, convertible notes	\$24,528,775	\$ 128,601,434
Derivative liability, warrants	1,486,294	6,645,869
Total	<u>\$26,015,069</u>	<u>\$ 135,247,303</u>

For purpose of determining the fair market value of the derivative liability for the embedded conversion, the Company used the Binomial lattice formula. The significant assumptions used in the Binomial lattice formula of the derivatives are as follows:

Risk free interest rate	2.80% - 2.99%
Stock volatility factor	79.0% - 169.0%
Weighted average expected option life	1 year - 5 years
Expected dividend yield	None

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7. DEFERRED TAX BENEFIT

The Company files income tax returns in the U.S. Federal jurisdiction, and the state of California. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2019.

Deferred income taxes have been provided by temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. To the extent allowed by GAAP, we provide valuation allowances against the deferred tax assets for amount when the realization is uncertain. Included in the balance at June 30, 2022 and 2021, are no tax positions for which the ultimate deductibility is highly certain, but for which there is uncertainty about the timing of such deductibility. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of the shorter deductibility period would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period.

The Company's policy is to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the periods ended June 30, 2022 and 2021, the Company did not recognize interest or penalties.

At June 30, 2022, the Company had net operating loss carry-forward of approximately \$16,522,100, which expires in future years. No tax benefit has been reported in the June 30, 2022 and 2021 financial statements, since the potential tax benefit is offset by a valuation allowance of the same amount.

The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate to pretax income from continuing operations for the years ended June 30, 2022 and 2021 due to the following:

	<u>6/30/2022</u>	<u>6/30/2021</u>
Book income (loss)	\$ 18,906,495	\$ (15,718,840)
Non-deductible expenses	(19,610,010)	15,976,835
Depreciation and amortization	2,625	(480)
Gain on abandoned asset	-	1,100
Valuation Allowance	<u>700,890</u>	<u>(258,615)</u>
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

Deferred taxes are provided on a liability method, whereby deferred tax assets are recognized for deductible differences and operating loss and tax credit carry-forward and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the difference between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

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7. DEFERRED TAX BENEFIT (Continued)

Net deferred tax liabilities consist of the following components as of June 30, 2022 and 2021:

	<u>6/30/2022</u>	<u>6/30/2021</u>
Deferred tax assets:		
NOL carryover	\$ (3,469,640)	\$ 1,385,455
Research and development	452,330	351,695
Related party accrual	44,470	44,470
Deferred tax liabilities:		
Depreciation and amortization	(4,485)	(4,885)
Less Valuation Allowance	\$ 2,977,325	\$ (1,776,735)
Income tax expense	\$ -	\$ -

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry-forward for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry-forward may be limited as to use in future years.

The Company's tax returns for the previous three years remain open for audit by the respective tax jurisdictions.

8. MARKETABLE SECURITIES

As of June 30, 2022, the Company invested in corporate bonds and government bonds, which have been recognized in the financial statements at cost.

The Company considers corporate bonds and government bonds ("bonds") as investments due to their ratings. The bonds are rated based on their default probability, health of the corporation's debt structure, as well as the overall health of the economy. The bonds fall into the category as investments if they have a rating between AAA and BBB.

As of June 30, 2022, the components of the Company's short and long-term investments are summarized as follows:

	<u>Adjusted Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Cash and Cash Equivalents</u>	<u>Short-Term Marketable Securities</u>
Cash	8,261,410	-	-	8,261,410	8,261,410	-
<b>Subtotal</b>	<b>8,261,410</b>	-	-	<b>8,261,410</b>	<b>8,261,410</b>	-
<b>Level 1</b>						
U.S. Treasury bills	18,644,465	-	-	18,644,465	18,644,465	-
Corporate securities	775,610	-	-	775,610	775,610	-
<b>Subtotal</b>	<b>19,420,075</b>	-	-	<b>19,420,075</b>	<b>19,420,075</b>	-
<b>Level 2</b>						
U.S. Government	17,501,557	-	(62,522)	17,439,035	-	17,439,035
Corporate securities	6,821,683	-	(234,752)	6,586,931	-	6,586,931
<b>Subtotal</b>	<b>24,323,240</b>	-	<b>(297,274)</b>	<b>24,025,966</b>	-	<b>24,025,966</b>
<b>Total</b>	<b>52,004,725</b>	-	<b>(297,274)</b>	<b>51,707,451</b>	<b>27,681,485</b>	<b>24,025,966</b>

**SUNHYDROGEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS – AUDITED**  
**JUNE 30, 2022 AND 2021**

8. MARKETABLE SECURITIES (Continued)

The Company has invested in securities maturing from July 5, 2022 through August 16, 2023 that are held to maturity. The current trading prices or fair market value of the securities vary, and we believe any decline in fair value is temporary. All securities are current and not in default.

The following table summarizes the amortized cost of the held-to-maturity bonds at June 30, 2022, aggregated by credit quality indicator.

**Credit Quality Indicators for the Securities**

AA/A	\$ 38,778,037
BBB	\$ 4,965,278
<b>Total</b>	<b>\$ 43,743,315</b>

During the year ended June 30, 2022, the Company recognized interest income of \$228,001 in the financial statements, which is recorded as part of investment income in the statement of operations.

9. COMMITMENTS AND CONTINGENCIES

Effective September 1, 2021, the Company entered into a new research agreement with the University of Iowa. As consideration under the research agreement, the University of Iowa will receive a maximum of \$350,000 from the Company. The contract period was from September 1, 2021 through August 31, 2022. As of June 30, 2022, the research agreement was paid in full, and the Company extended its' agreement with the University of Iowa through September 30, 2023.

Effective October 1, 2021, the Company entered into a research agreement with the University of Michigan. As consideration under the research agreement, the University of Michigan will receive a maximum of \$296,448, from the Company. The research agreement may be terminated by either party upon ninety (90) day prior written notice or a material breach or default, which is not cured within 90 days of receipt of a written notice of such breach. This agreement was signed by the Company on September 23, 2021. As of June 30, 2022, the research agreement was paid in full, and the Company extended its' agreement with the University of Michigan September 30, 2023.

Effective December 2021, the Company entered into a marketing media campaign in the amount of \$350,000. During the year ended June 30, 2022 the Company paid \$262,500, and the remaining balance of \$87,500 was paid on July 11, 2022.

The Company rented lab space with the University of Iowa as of February 2022. The monthly rent is a base of \$1,468, and plus an additional \$500 for the rental of a lab on a month-to-month basis and is cancellable with a thirty (30) day notice. Due to the rental being month-to-month, ASC 842 lease accounting is not applicable.

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position or results of operation.

**SUNHYDROGEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS – AUDITED**  
**JUNE 30, 2022 AND 2021**

10. RELATED PARTY

Year ended June 30, 2022

As of June 30, 2022, the Company reported an accrual associated with the CEO's prior years' salary in the amount of \$211,750 for the current year, which is recorded in related party accrued expenses. The Company began accruing the salary in 2011 and used the funds for operating expenses. The CEO will be paid during the fiscal year ending June 30, 2023.

During the year ended June 30, 2022, the Company redeemed 24,887,463 shares of the Company's stock options from related parties for a total redemption price of \$1,450,000.

Year ended June 30, 2021

As of June 30, 2021, the Company reported an accrual associated with the CEO's prior year's salary in the amount of \$211,750, which is recorded in accrued expenses, related party. The Company began accruing the salary in 2011 and used the funds for operating expenses. The CEO will be paid during the next fiscal year.

During the year ended June 30, 2021, the Company redeemed 13,146,826 stock options for a total redemption price of \$1,250,000.

During the year ended June 30, 2021, the Company issued 3,806,290 shares of common stock to a related party for services rendered at fair value prices of \$0.028 - \$0.035 per share in the aggregate amount of \$118,023.

11. SUBSEQUENT EVENTS

Management evaluated subsequent events as of the date of the financial statements pursuant to ASC TOPIC 855, all subsequent events to report were disclosed in Note 9.

**Exhibit 4.1****DESCRIPTION OF THE REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

SunHydrogen, Inc. (the "Company") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, which is the Company's common stock, \$0.001 par value per share.

**Description of Common Stock**

The authorized capital stock of the Company consists of 10,000,000,000 shares of common stock at a par value of \$0.001 per share, and 5,000,000 shares of blank check preferred stock, par value \$0.001.

Holders of the Company's common stock are entitled to one vote for each share on all matters submitted to a stockholder vote. Holders of common stock do not have cumulative voting rights. Therefore (subject to the rights of the holders of any outstanding preferred stock), holders of a majority of the shares of common stock voting for the election of directors can elect all of the directors to our Board of Directors. Holders of the Company's common stock representing a majority of the voting power of the Company's capital stock issued, outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of stockholders. A vote by the holders of a majority of the voting power of the stockholders is required to effectuate certain fundamental corporate changes such as a merger or an amendment to the Company's articles of incorporation.

Holders of the Company's common stock are entitled to share in all dividends that the Board of Directors, in its discretion, declares from legally available funds. In the event of a liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the common stock. The Company's common stock has no preemptive rights, no conversion rights, and there are no redemption provisions applicable to the Company's common stock.

**CONTRACT**

THIS AGREEMENT effective this 1st of October 2022, by and between **SunHydrogen, Inc** (hereafter referred to as “**Sponsor**”) and The University of Iowa, Iowa City, Iowa, a non-profit educational institution (hereinafter referred to as “**University**”).

**WITNESSETH:**

WHEREAS, the research program contemplated by this Agreement is of mutual interest and benefit to University and to Sponsor, will further the instructional and research objectives of University in a manner consistent with its status as a non- profit, tax-exempt, educational institution, and may derive benefits for both Sponsor and University through inventions, improvements, and/or discoveries;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto agree to the following:

**ARTICLE 1 - Definitions**

As used herein, the following terms shall have the following meanings:

- 1.1 “Project” shall mean the description of the project as described in Exhibit A hereof, under the direction of **Syed Mubeen** as Principal Investigator.
- 1.2 “Contract Period” is Oct 1, 2022, through Sep 30, 2023.
- 1.3 “University Intellectual Property” shall mean individually and collectively all inventions, improvements and/or discoveries which are conceived and/or made (i) by one or more employees of University, or (ii) jointly by one or more employees of University and by one or more employees/consultants of Sponsor, in performance of the Project.

**ARTICLE 2 - Research Work**

- 2.1 University shall commence performance of the Project promptly after the effective date of this Agreement, and shall use all reasonable efforts, care, and diligence to perform such Project in accordance with the terms and conditions of this Agreement. Anything in this Agreement to the contrary notwithstanding, Sponsor and University may at any time amend the Project by mutual written agreement.
- 2.2 In the event that the Principal Investigator becomes unable or unwilling to continue the Project, and a mutually acceptable substitute is not available, University and/or Sponsor shall have the option to terminate said Project pursuant to Article 10.1.
- 2.3 The University does not comply with Good Laboratory Practices (GLPs) as defined by the U.S. Food and Drug Administration in 21 C.F.R. 58.

### ARTICLE 3 - Reports and Conferences

- 3.1 Written program reports shall be provided by University to Sponsor every six (6) months, and a final report shall be submitted by University within forty-five (45) days of the conclusion of the Contract Period, or the earlier termination of this Agreement.
- 3.2 During the term of this Agreement, representatives of University will meet with representatives of Sponsor at times and places mutually agreed upon to discuss the progress and results, as well as ongoing plans, or changes therein, of the Project to be performed hereunder.

### ARTICLE 4 - Costs, Billings, and Other Support

- 4.1 It is agreed to and understood by the parties hereto that, subject to Article 2, total costs to Sponsor hereunder shall not exceed the sum of Three Hundred and Forty-Three Thousand and Nine Hundred and Eighty-Four Dollars (**\$343,984**). Payment shall be made by Sponsor according to the following schedule:

#### Four (4) Quarterly Payments of \$85,996

- 4.2 Invoices shall be submitted to the Sponsor representative listed in Article 17 for submission of invoices. Payments to University shall include Sponsor name, Principal Investigator name, project title and shall be submitted to the University representative listed in Article 17 for payment remittance.
- 4.3 [Sponsor shall loan/donate the following equipment to University under the following conditions: Not Applicable\_\_\_\_\_.]  
University shall retain title to any equipment purchased with funds provided by Sponsor under this Agreement.
- 4.4 Anything herein to the contrary notwithstanding, in the event of early termination of this Agreement by Sponsor pursuant to Article 10.1 hereof, Sponsor shall pay all costs accrued by University as of the date of termination, including non-cancelable obligations, which shall include all non-cancelable contracts and fellowships or postdoctoral associate appointments called for in Appendix A, incurred prior to the effective date of termination. After termination, any obligation of Sponsor for fellowships or postdoctoral associates shall end no later than the end of University's academic year following termination.

### ARTICLE 5 - Publicity

- 5.1 Sponsor shall not use the name of University, nor of any member of University's Project staff, in any publicity, advertising, or news release or in any way imply endorsement of the University without the prior written approval of an authorized representative of University. University shall not use the name of Sponsor, nor any employee of Sponsor, in any publicity without the prior written approval of Sponsor. University may disclose, without Sponsor's approval, the terms of this Agreement that are a matter of public record under the Iowa Open Records Law, Iowa Code Chapter 22.

#### **ARTICLE 6 - Publications**

- 6.1 Sponsor recognizes that under University policy, the results of University research must be publishable and agrees that researchers engaged in the Project shall be permitted to present research results at symposia, national or regional professional meetings, and to publish in journals, theses or dissertations, or otherwise of their own choosing, methods and results of the Project, provided, however, that Sponsor shall have been furnished copies of any proposed publication or presentation at least one (1) month in advance of the submission of such proposed publication or presentation to a journal, editor, or other third party. Sponsor shall have thirty (30) days, after receipt of said copies, to object to such proposed presentation or proposed publication because there is patentable subject matter or proprietary information of Sponsor that needs protection. In the event that Sponsor makes such objection, said researcher(s) shall refrain from making such publication or presentation for a maximum of six (6) months from date of receipt of such objection in order for University to file patent application(s) with the United States Patent and Trademark Office and/or foreign patent office(s) directed to the patentable subject matter contained in the proposed publication or presentation. Sponsor does not possess a right to delay publication if the publication or presentation contains only findings and conclusions of basic science or results that would not affect the ability of Sponsor to obtain a patent.

#### **ARTICLE 7 - Proprietary Information**

- 7.1 It is the responsibility of Sponsor to mark or otherwise identify in writing prior to submission any information considered confidential that it deems necessary to share with University ("Confidential Information"). Oral disclosures of Confidential Information shall be identified as confidential at the time of disclosure and confirmed in writing within ten (10) business days of the disclosure. University shall have the right to accept or reject Sponsor's Confidential Information. If such information is accepted it will be withheld by University from publication, and in all other respects shall be maintained by University as confidential and proprietary to Sponsor for a period of five (5) years after termination of this Agreement. University shall have no such obligation with respect to any portion of such Confidential Information which:
- a) is or later becomes generally available to the public by use, publication or the like, through no fault of University.
  - b) is obtained on a non-confidential basis from a third party who disclosed the same to University;
  - c) University already possesses, as evidenced by its written records, predating receipt thereof from Sponsor; or
  - d) is required to be disclosed by law, regulation or court order.
- 7.2 All documentation concerning University Intellectual Property submitted to Sponsor in accordance with Article 8.4 shall be treated as confidential in order to preserve any patent rights.

#### **ARTICLE 8 - Intellectual Property**

- 8.1 All rights, title and interest to University Intellectual Property under the Project, except as provided in Article 8.3, shall belong to University and shall be subject to the terms and conditions of this Agreement.

- 8.2 Rights to inventions, improvements, and/or discoveries, whether patentable or copyrightable or not, relating to the Project made solely by employees/consultants of Sponsor shall belong to Sponsor. Such inventions, improvements, and/or discoveries shall not be subject to the terms and conditions of this Agreement.
- 8.3 Rights to inventions, improvements, and/or discoveries conceived and/or made during the Contract Period, whether patentable or copyrightable or not, relating to the Project, which are made jointly by employees of University and employees/consultants of Sponsor, shall be the joint property of University and Sponsor and shall be subject to the terms and conditions of this Agreement.
- 8.4 University will promptly notify Sponsor of any University Intellectual Property conceived and/or made during the Contract Period under the Project. If Sponsor directs that a patent application or application for other intellectual property protection be filed, University shall promptly prepare, file, and prosecute such U.S. and foreign application in University's name, and Sponsor's name if jointly invented. Sponsor shall bear all costs incurred in connection with such preparation, filing, prosecution, and maintenance of U.S. and foreign application(s) directed to said University Intellectual Property. Sponsor shall cooperate with University to assure that such application(s) will cover, to the best of Sponsor's knowledge, all items of commercial interest and importance. While University shall be responsible for making decisions regarding scope and content of application(s) to be filed and prosecution thereof, Sponsor shall be given an opportunity to review and provide input thereto. University shall keep Sponsor advised as to all developments with respect to such application(s) and shall promptly supply to Sponsor copies of all papers received and filed in connection with the prosecution thereof in sufficient time for Sponsor to comment thereon.
- 8.5 If Sponsor elects not to exercise its option granted in Article 9.1 or decides to discontinue the financial support of the prosecution and maintenance of the patent protection, all right, title and interest in such patent, patent application, and University Intellectual Property shall automatically revert to University. University shall then be free to file or continue prosecution or maintain any such application(s), and to maintain any protection issuing thereon in the U.S. and in any foreign country at University's sole expense.

#### **ARTICLE 9 - Grant of Rights**

- 9.1 Subject to Article 8.3, University grants Sponsor the first option to elect an exclusive license to University Intellectual Property developed under this Agreement, and a right to sub-license any and all University Intellectual Property developed under this Agreement on terms and conditions to be mutually agreed upon. If Sponsor elects to exercise this option, Sponsor shall notify University in writing of its decision within one (1) year from the date of termination of this Agreement.
- 9.2 No grant described in this Article shall be construed to limit University's right to utilize University Intellectual Property for research, instruction or academic publication purposes.

**ARTICLE 10 - Term and Termination**

- 10.1 This Agreement shall become effective upon the date first hereinabove written and shall continue in effect for the full duration of the Contract Period unless sooner terminated in accordance with the provisions of this Article. The parties hereto may, however, extend the term of this Agreement for additional periods as desired under mutually agreeable terms and conditions which the parties reduce to writing and sign. Either party may terminate this Agreement upon sixty (60) days prior written notice to the other.
- 10.2 In the event that either party hereto shall commit any material breach or default in any of the terms or conditions of this Agreement, and also shall fail to remedy such default or breach within ninety (90) days after receipt of written notice thereof from the other party hereto, the party giving notice may, at its option and in addition to any other remedies which it may have at law or in equity, terminate this Agreement by sending notice of termination in writing to the other party to such effect, and such termination shall be effective as of the date of the receipt of such notice.
- 10.3 Termination of this Agreement by either party for any reason shall not affect the rights and obligations of the parties accrued prior to the effective date of termination of this Agreement. No termination of this Agreement, however effectuated, shall release the parties hereto from their rights and obligations under Articles 3.1, 4, 5, 6, 7, 8, 9 and 11.

**ARTICLE 11 - Independent Contractor**

- 11.1 In the performance of all services hereunder University shall be deemed to be and shall be an independent contractor and, as such, University shall not be entitled to any benefits applicable to employees of Sponsor.
- 11.2 Neither party is authorized or empowered to act as agent for the other for any purpose and shall not on behalf of the other enter into any contract, warranty, or representation as to any matter. Neither shall be bound to the acts or conduct of the other.

**ARTICLE 12 - Insurance**

- 12.1 Each party shall be liable for any and all claims for wrongful death, personal injury or property damage attributable to the negligent acts or omissions of that party and the officers, employees, and agents thereof.

12.2 University shall be responsible and agrees to pay for any and all claims for wrongful death, personal injury or property damage directly resulting from the negligence of University, its officers, employees and agents, and arising from activities under this Agreement to the full extent permitted by Chapter 669, Code of Iowa, which is the exclusive remedy for processing tort claims against the State of Iowa.

**ARTICLE 13 - Governing Law**

13.1 This Agreement shall be governed and construed in accordance with the substantive laws of the State of Iowa, excluding its conflict of laws provisions.

**ARTICLE 14 - Assignment**

14.1 This Agreement shall not be assigned by either party without the prior written consent of the parties hereto.

14.2 This Agreement is assignable to any division of Sponsor, any majority stockholder of Sponsor, and/or any subsidiary of Sponsor, provided that such assignee assumes all of the rights, obligations and liabilities of Sponsor hereunder.

**ARTICLE 15 - Agreement Modification**

15.1 Any agreement to change the terms of this Agreement in any way shall be valid only if the change is made in writing and approved by mutual agreement of authorized representatives of the parties hereto.

**ARTICLE 16 - Warranties**

16.1 NO WARRANTIES, EITHER EXPRESSED OR IMPLIED, ARE MADE PART OF THIS AGREEMENT.

**ARTICLE 17 – Export Control**

17.1 The disclosing party agrees to share any export control determinations when products, services, and/or technical data under this Agreement are subject to export controls under U.S. Government export laws and regulations; however, each party will be solely responsible for compliance with U.S. Government export laws and regulations.

**ARTICLE 18 - Notices**

18.1 Notices, invoices, and communications, hereunder shall be given by registered or certified mail, or express delivery service, postage or delivery charge prepaid, and addressed to the party to receive such notice, invoice, or communication at the address given below, or such other address as may hereafter be designated by notice in writing. Notice shall be deemed made on the date of receipt.

## If to Sponsor:

Woosuk Kim, COO SunHydrogen, Inc  
Phone:  
E-mail

## For Submission of Invoices:

SunHydrogen, Inc.  
10 E. Yanonali Street Suite 36 Santa Barbara, CA 93101  
Phone:  
Fax:  
E-mail:

## If to University: The University of Iowa

Division of Sponsored Programs Attention:  
2 Gilmore Hall  
Iowa City, Iowa 52242  
Phone:  
Fax:  
E-mail:

## For Payment Remittance:

The University of Iowa Grant Accounting Office B5 Jessup Hall  
Iowa City, Iowa 52242-1316  
Phone:  
Fax:

IN WITNESS WHEREOF, the parties, duly authorized, have executed this Agreement in duplicate as of the day and year first written above.

**SUNHYDROGEN, INC. (SPONSOR)**

/s/ Woosuk Kim  
By: \_\_\_\_\_  
Woosuk Kim  
Title: COO  
Date: 10/3/2022

**THE UNIVERSITY OF IOWA**

/s/ Wendy Beaver  
By: \_\_\_\_\_  
Wendy Beaver  
Title: Executive Director, Division of Sponsored Programs  
Date: 10/3/2022

University of Iowa; Syed Mubeen  
SunHydrogen Inc. Proposal

**EXHIBIT A**

**Project Budget Proposal and Funding Form**

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**Exhibit 10.14**

**RESEARCH AGREEMENT – AMENDMENT #1**

The following is Amendment #1 (“Amendment”) to the Research Agreement (“Agreement”) between the Regents of the University of Michigan (“University”) and SunHydrogen, Inc., (“Sponsor”) dated October 1, 2021.

**The Parties agree that Article 1.1 shall be deleted entirely and replaced with the following:**

“Project” means the research project described in ORSP 22-PAF00982 and 23-PAF01834 under the direction of Nirala Singh as Principal Investigator entitled “Manufacturing Science to Increase Efficiency of Photoelectrosynthetically Active Heterostructures for H<sub>2</sub> Production” and as attached to this Agreement by Exhibit A.

**The Parties agree that Article 1.2 shall be deleted entirely and replaced with the following:**

“Contract Period” is from October 1, 2021 through September 30, 2023, unless earlier terminated pursuant to this Agreement.

**The Parties agree that additional funding of \$298,194 is awarded by this Amendment. Article 4.1 shall be deleted entirely and replaced with the following:**

Total costs to Sponsor for the Contract Period will not exceed Five Hundred Ninety Four Thousand, Six Hundred Forty Two Dollars (\$594,642) which shall be paid by Sponsor in equal quarterly installments during the Contract Period. Payment will be made by Sponsor within 30 days of receipt of an invoice. Notice of any dispute regarding the charges in an invoice must be provided in accordance with Article 16 and include a description of the item(s) in dispute and a reasonably detailed explanation of the reason for the dispute. Sponsor will be billed monthly for actual charges incurred by the University. Any dispute regarding the charges in the final invoice must be made within 90 days after receipt.

All other terms of the Agreement shall remain unchanged.

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**AGREED TO:**

**SUNHYDROGEN, INC**

By: /s/ Woosuk Kim  
(signature)

Name: Woosuk Kim  
Title: Chief Operating Officer  
Date: September 29, 2022

**REGENTS OF THE UNIVERSITY OF MICHIGAN**

By: /s/ Peter J. Gerard  
(signature)

Name: Peter J. Gerard  
Title: Asst. Director-Sponsored Programs  
Date: 10-4-2022

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**SunHydrogen, Inc. 2022 Equity Incentive Plan**

1. Purpose; Eligibility.

1.1 General Purpose. The name of this plan is the SunHydrogen, Inc. 2022 Equity Incentive Plan (the “**Plan**”). The purposes of the Plan are to (a) enable SunHydrogen, Inc., a Nevada corporation (the “**Company**”), to attract and retain the types of Employees, Consultants and Directors who will contribute to the Company’s long range success; (b) provide incentives that align the interests of Employees, Consultants and Directors with those of the shareholders of the Company; and (c) promote the success of the Company’s business.

1.2 Eligible Award Recipients. The persons eligible to receive Awards are the Employees, Consultants and Directors of the Company.

1.3 Available Awards. Awards that may be granted under the Plan include: (a) Incentive Stock Options, (b) Non-qualified Stock Options, (c) Restricted Stock and (d) Restricted Stock Units.

2. Definitions.

“**Affiliate**” means a corporation or other entity that, directly or through one or more intermediaries, controls, is controlled by or is under common control with, the Company.

“**Applicable Laws**” means the requirements related to or implicated by the administration of the Plan under applicable state corporate law, United States federal and state securities laws, the Code and the applicable laws of any foreign country or jurisdiction where Awards are granted under the Plan.

“**Award**” means any right granted under the Plan, including an Incentive Stock Option, a Non-qualified Stock Option, a Restricted Stock Award or a Restricted Stock Unit Award.

“**Award Agreement**” means a written agreement, contract, certificate or other instrument or document evidencing the terms and conditions of an individual Award granted under the Plan which may, in the discretion of the Company, be transmitted electronically to any Participant. Each Award Agreement shall be subject to the terms and conditions of the Plan.

“**Board**” means the Board of Directors of the Company, as constituted at any time.

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“Cause” means, unless the applicable Award Agreement provides otherwise:

With respect to any Employee or Consultant:

- (a) If the Employee or Consultant is a party to an employment or service agreement with the Company or an Affiliate and such agreement provides for a definition of Cause, the definition contained therein; or
- (b) If no such agreement exists, or if such agreement does not define Cause: (i) failure to perform such duties as are reasonably requested by the Board; (ii) material breach of any agreement with the Company or an Affiliate, or a material violation of the Company’s or an Affiliate’s code of conduct or other written policy; (iii) commission of, or plea of guilty or no contest to, a felony or a crime involving moral turpitude or the commission of any other act involving willful malfeasance or material fiduciary breach with respect to the Company or an Affiliate; (iv) use of illegal drugs or abuse of alcohol that materially impairs the Participant’s ability to perform his or her duties to the Company or an Affiliate; or (v) gross negligence or willful misconduct with respect to the Company or an Affiliate.

With respect to any Director, a determination by a majority of the disinterested Board members that the Director has engaged in any of the following:

- (a) malfeasance in office;
- (b) gross misconduct or neglect;
- (c) false or fraudulent misrepresentation inducing the Director’s appointment;
- (d) willful conversion of corporate funds; or
- (e) repeated failure to participate in Board meetings on a regular basis despite having received proper notice of the meetings in advance.

The Committee, in its absolute discretion, shall determine the effect of all matters and questions relating to whether a Participant has been discharged for Cause.

“Change in Control” means:

- (a) One Person (or more than one Person acting as a group) acquires ownership of stock of the Company that, together with the stock held by such Person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company; provided, that, a Change in Control shall not occur if any Person (or more than one Person acting as a group) owns more than 50% of the total fair market value or total voting power of the Company’s stock and acquires additional stock;
- (b) One Person (or more than one Person acting as a group) acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition) ownership of the Company’s stock possessing 50% or more of the total voting power of the stock of such corporation;
- (c) A majority of the members of the Board is replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the Board before the date of appointment or election; or
- (d) One Person (or more than one Person acting as a group), acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately before such acquisition(s).

“**Code**” means the Internal Revenue Code of 1986, as it may be amended from time to time. Any reference to a section of the Code shall be deemed to include a reference to any regulations promulgated thereunder.

“**Committee**” means a committee of one or more members of the Board appointed by the Board to administer the Plan in accordance with Section 3.4 and Section 3.5.

“**Common Stock**” means the voting common stock, \$0.001 par value per share, of the Company.

“**Company**” means SunHydrogen, Inc., a Nevada corporation, and any successor thereto.

“**Consultant**” means any individual who is engaged by the Company or any Affiliate to render consulting or advisory services, whether or not compensated for such services.

“**Continuous Service**” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Consultant or Director, is not interrupted or terminated. The Participant’s Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, *provided that* there is no interruption or termination of the Participant’s Continuous Service; *provided further that* if any Award is subject to Section 409A of the Code, this sentence shall only be given effect to the extent consistent with Section 409A of the Code. For example, a change in status from an Employee of the Company to a Director of an Affiliate will not constitute an interruption of Continuous Service. The Committee or its delegate, in its sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal or family leave of absence.

“**Detrimental Activity**” means any of the following: (i) unauthorized disclosure of any confidential or proprietary information of the Company or any of its Affiliates; (ii) any activity that would be grounds to terminate the Participant’s employment or service with the Company or any of its subsidiaries for Cause; (iii) the breach of any non-competition, non-solicitation, non-disparagement or other agreement containing restrictive covenants, with the Company or its Affiliates; (iv) fraud or conduct contributing to any financial restatements or irregularities, as determined by the Committee in its sole discretion; or (v) any other conduct or act determined to be materially injurious, detrimental or prejudicial to any interest of the Company or any of its Affiliates, as determined by the Committee in its sole discretion.

“**Director**” means a member of the Board.

“**Disability**” means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment; *provided, however*, for purposes of determining the term of an Incentive Stock Option pursuant to Section 6.9 hereof, the term Disability shall have the meaning ascribed to it under Section 22(e)(3) of the Code. The determination of whether an individual has a Disability shall be determined under procedures established by the Committee. Except in situations where the Committee is determining Disability for purposes of the term of an Incentive Stock Option pursuant to Section 6.9 hereof within the meaning of Section 22(e)(3) of the Code, the Committee may rely on any determination that a Participant is disabled for purposes of benefits under any long-term disability plan maintained by the Company or any Affiliate in which a Participant participates.

“**Disqualifying Disposition**” has the meaning set forth in Section 14.10.

“**Effective Date**” shall mean the date as of which this Plan is adopted by the Board.

“**Employee**” means any person, including an officer or Director, employed by the Company or an Affiliate; *provided, that*, for purposes of determining eligibility to receive Incentive Stock Options, an Employee shall mean an employee of the Company or a parent or subsidiary corporation within the meaning of Section 424 of the Code. Mere service as a Director or payment of a director’s fee by the Company or an Affiliate shall not be sufficient to constitute “employment” by the Company or an Affiliate.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and any successor thereto.

“**Fair Market Value**” means, on a given date, (i) if there is a public market for the shares of Common Stock on such date, the closing price of the shares as reported on such date on the principal national securities exchange on which the shares are listed or, if no sales of shares have been reported on any national securities exchange, then the immediately preceding date on which sales of the shares have been so reported or quoted, and (ii) if there is no public market for the shares of Common Stock on such date, then the fair market value shall be determined by the Committee in good faith after taking into consideration all factors which it deems appropriate, including, without limitation, Sections 409A and 422 of the Code.

“**Fully Diluted Capitalization**” means the number of issued and outstanding shares of the Company’s capital stock, assuming the conversion or exercise of all of the Company’s outstanding convertible or exercisable securities, including shares of convertible Preferred Stock and all outstanding vested or unvested options or warrants to purchase the Company’s capital stock.

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“**Grant Date**” means the date on which the Committee adopts a resolution, or takes other appropriate action, expressly granting an Award to a Participant that specifies the key terms and conditions of the Award or, if a later date is set forth in such resolution, then such date as is set forth in such resolution.

“**Incentive Stock Option**” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

“**Non-qualified Stock Option**” means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

“**Option**” means an Incentive Stock Option or a Non-qualified Stock Option granted pursuant to the Plan.

“**Optionholder**” means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

“**Option Exercise Price**” means the price at which a share of Common Stock may be purchased upon the exercise of an Option.

“**Participant**” means an eligible person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Award.

“**Permitted Transferee**” means: (a) a member of the Optionholder’s immediate family (child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships), any person sharing the Optionholder’s household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the Optionholder) control the management of assets, and any other entity in which these persons (or the Optionholder) own more than 50% of the voting interests; or (b) such other transferees as may be permitted by the Committee in its sole discretion.

“**Person**” means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

“**Plan**” means this SunHydrogen, Inc. 2022 Equity Incentive Plan, as amended and/or amended and restated from time to time.

“**Restricted Period**” has the meaning set forth in Section 7.

“**Restricted Stock**” means Common Stock, subject to certain specified restrictions (including, without limitation, a requirement that the Participant provide Continuous Service for a specified period of time) granted under Section 7 of the Plan.

“**Restricted Stock Unit**” means an unfunded and unsecured promise to deliver shares of Common Stock, cash, other securities or other property, subject to certain restrictions (including, without limitation, a requirement that the Participant provide Continuous Service for a specified period of time) granted under Section 7 of the Plan.

“**Ten Percent Shareholder**” means a person who owns (or is deemed to own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any of its Affiliates.

### 3. Administration.

3.1 Authority of Committee. The Plan shall be administered by the Committee or, in the Board’s sole discretion, by the Board. Subject to the terms of the Plan, the Committee’s charter and Applicable Laws, and in addition to other express powers and authorization conferred by the Plan, the Committee shall have the authority:

- (a) to construe and interpret the Plan and apply its provisions;
- (b) to promulgate, amend, and rescind rules and regulations relating to the administration of the Plan;
- (c) to authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;
- (d) to delegate its authority to one or more officers of the Company;
- (e) to determine when Awards are to be granted under the Plan and the applicable Grant Date;
- (f) from time to time to select, subject to the limitations set forth in this Plan, those Participants to whom Awards shall be granted;
- (g) to determine the number of shares of Common Stock to be made subject to each Award;
- (h) to determine whether each Option is to be an Incentive Stock Option or a Non-qualified Stock Option;
- (i) to prescribe the terms and conditions of each Award, including, without limitation, the exercise price and medium of payment and vesting provisions, and to specify the provisions of the Award Agreement relating to such grant;
- (j) to amend any outstanding Awards, including for the purpose of modifying the time or manner of vesting, or the term of any outstanding Award; *provided, however*, that if any such amendment impairs a Participant’s rights or increases a Participant’s obligations under his or her Award or creates or increases a Participant’s federal income tax liability with respect to an Award, such amendment shall also be subject to the Participant’s consent;

(k) to determine the duration and purpose of leaves of absences which may be granted to a Participant without constituting termination of their employment for purposes of the Plan, which periods shall be no shorter than the periods generally applicable to Employees under the Company's employment policies;

(l) to make decisions with respect to outstanding Awards that may become necessary upon a change in corporate control or an event that triggers anti-dilution adjustments;

(m) to interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument or agreement relating to, or Award granted under, the Plan; and

(n) to exercise discretion to make any and all other determinations which it determines to be necessary or advisable for the administration of the Plan.

3.2 Acquisitions and Other Transactions. The Committee may, from time to time, assume outstanding awards granted by another entity, whether in connection with an acquisition of such other entity or otherwise, by either (i) granting an Award under the Plan in replacement of or in substitution for the award assumed by the Company, or (ii) treating the assumed award as if it had been granted under the Plan if the terms of such assumed award could be applied to an Award granted under the Plan. Such assumed award shall be permissible if the holder of the assumed award would have been eligible to be granted an Award hereunder if the other entity had applied the rules of this Plan to such grant. The Committee may also grant Awards under the Plan in settlement of or in substitution for outstanding awards or obligations to grant future awards in connection with the Company or an Affiliate acquiring another entity, an interest in another entity, or an additional interest in an Affiliate whether by merger, stock purchase, asset purchase or other form of transaction.

3.3 Committee Decisions Final. All decisions made by the Committee pursuant to the provisions of the Plan shall be final and binding on the Company and the Participants, unless such decisions are determined by a court having jurisdiction to be arbitrary and capricious.

3.4 Delegation. The Committee, or if no Committee has been appointed, the Board, may delegate administration of the Plan to a committee or committees of one or more members of the Board, and the term "**Committee**" shall apply to any person or persons to whom such authority has been delegated. The Committee shall have the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board or the Committee shall thereafter be to the committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revert in the Board the administration of the Plan. The members of the Committee shall be appointed by and serve at the pleasure of the Board. From time to time, the Board may increase or decrease the size of the Committee, add additional members to, remove members (with or without cause) from, appoint new members in substitution therefor, and fill vacancies, however caused, in the Committee. The Committee shall act pursuant to a vote of the majority of its members or, in the case of a Committee comprised of only two members, the unanimous consent of its members, whether present or not, or by the written consent of the majority of its members and minutes shall be kept of all of its meetings and copies thereof shall be provided to the Board. Subject to the limitations prescribed by the Plan and the Board, the Committee may establish and follow such rules and regulations for the conduct of its business as it may determine to be advisable.

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3.5 Committee Composition. Except as otherwise determined by the Board, the Committee shall consist solely of two or more Directors appointed to the Committee from time to time by the Board.

3.6 Indemnification. In addition to such other rights of indemnification as they may have as Directors or members of the Committee, and to the extent allowed by Applicable Laws, the Committee shall be indemnified by the Company against the reasonable expenses, including attorney's fees, actually incurred in connection with any action, suit or proceeding or in connection with any appeal therein, to which the Committee may be party by reason of any action taken or failure to act under or in connection with the Plan or any Award granted under the Plan, and against all amounts paid by the Committee in settlement thereof (*provided, however*, that the settlement has been approved by the Company, which approval shall not be unreasonably withheld) or paid by the Committee in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Committee did not act in good faith and in a manner which such person reasonably believed to be in the best interests of the Company, or in the case of a criminal proceeding, had no reason to believe that the conduct complained of was unlawful; *provided, however*, that within 60 days after institution of any such action, suit or proceeding, such Committee shall, in writing, offer the Company the opportunity at its own expense to handle and defend such action, suit or proceeding.

4. Shares Subject to the Plan.

4.1 Subject to adjustment in accordance with Section 11, a total of 400,000,000 shares of Common Stock shall be initially available for the grant of Awards under the Plan; and thereafter shall automatically be increased on the first day of the Company's fiscal year beginning in 2023 so that the total number of shares issuable hereunder shall at all times equal fifteen percent (15%) of the Company's Fully Diluted Capitalization on the first day of the Company's fiscal year, unless the Board of Directors adopts a resolution providing that the number of shares issuable under this Plan shall not be so increased. During the terms of the Awards, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Awards.

4.2 Shares of Common Stock available for distribution under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares.

4.3 Any shares of Common Stock subject to an Award that is canceled, forfeited or expires prior to exercise or realization, either in full or in part, shall again become available for issuance under the Plan. Notwithstanding anything to the contrary contained herein: shares subject to an Award under the Plan shall not again be made available for issuance or delivery under the Plan if such shares are (a) shares tendered in payment of an Option or (b) shares delivered or withheld by the Company to satisfy any tax withholding obligation.

4.4 If the Committee authorizes the assumption of awards pursuant to Section 3.2 or Section 12.1 hereof, the assumption will reduce the number of shares available for issuance under the Plan in the same manner as if the assumed awards had been granted under the Plan.

5. Eligibility.

5.1 Eligibility for Specific Awards. Incentive Stock Options may be granted to Employees only. Awards other than Incentive Stock Options may be granted to Employees, Consultants and Directors.

5.2 Ten Percent Shareholders. A Ten Percent Shareholder shall not be granted an Incentive Stock Option unless the Option Exercise Price is at least 110% of the Fair Market Value of the Common Stock at the Grant Date and the Option is not exercisable after the expiration of five years from the Grant Date.

6. Option Provisions. Each Option granted under the Plan shall be evidenced by an Award Agreement. Each Option so granted shall be subject to the conditions set forth in this Section 6, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. All Options shall be separately designated Incentive Stock Options or Non-qualified Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock purchased on exercise of each type of Option. Notwithstanding the foregoing, the Company shall have no liability to any Participant or any other person if an Option designated as an Incentive Stock Option fails to qualify as such at any time or if an Option is determined to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code and the terms of such Option do not satisfy the requirements of Section 409A of the Code. The provisions of separate Options need not be identical, but each Option shall include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

6.1 Term. Subject to the provisions of Section 5.2 regarding Ten Percent Shareholders, no Incentive Stock Option shall be exercisable after the expiration of 10 years from the Grant Date. The term of a Non-qualified Stock Option granted under the Plan shall be determined by the Committee; *provided, however,* no Non-qualified Stock Option shall be exercisable after the expiration of 10 years from the Grant Date.

6.2 Exercise Price of an Incentive Stock Option. Subject to the provisions of Section 5.2 regarding Ten Percent Shareholders, the Option Exercise Price of each Incentive Stock Option shall be not less than 100% of the Fair Market Value of the Common Stock subject to the Option on the Grant Date. Notwithstanding the foregoing, an Incentive Stock Option may be granted with an Option Exercise Price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code.

6.3 Exercise Price of a Non-qualified Stock Option. The Option Exercise Price of each Non-qualified Stock Option shall be not less than 100% of the Fair Market Value of the Common Stock subject to the Option on the Grant Date. Notwithstanding the foregoing, a Non-qualified Stock Option may be granted with an Option Exercise Price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 409A of the Code.

6.4 Method of Exercise. The Option Exercise Price shall be paid, to the extent permitted by Applicable Laws, either (a) in cash or by certified or bank check at the time the Option is exercised or (b) in the discretion of the Committee, upon such terms as the Committee shall approve: (i) by delivery to the Company of other shares of Common Stock, duly endorsed for transfer to the Company, with a Fair Market Value on the date of delivery equal to the Option Exercise Price (or portion thereof) due for the number of shares being acquired; (ii) by a “net exercise” procedure effected by withholding the minimum number of shares of Common Stock otherwise issuable in respect of an Option that are needed to pay the Option Exercise Price; (iii) by any combination of the foregoing methods; or (iv) in any other form of legal consideration that may be acceptable to the Committee. Unless otherwise specifically provided in the Option, the Option Exercise Price that is paid by delivery to the Company of other Common Stock acquired, directly or indirectly from the Company, shall be paid only by shares of Common Stock that have been held for more than six months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes).

6.5 Transferability of an Incentive Stock Option. An Incentive Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

6.6 Transferability of a Non-qualified Stock Option. A Non-qualified Stock Option may, in the sole discretion of the Committee, be transferable to a Permitted Transferee, upon written approval by the Committee to the extent provided in the Award Agreement. If the Non-qualified Stock Option does not provide for transferability, then the Non-qualified Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

6.7 Vesting of Options. Each Option may, but need not, vest and therefore become exercisable in periodic installments that may, but need not, be equal. The Option may be subject to such other terms and conditions on the time or times when it may be exercised (which may be based on performance or other criteria) as the Committee may deem appropriate. The vesting provisions of individual Options may vary. No Option may be exercised for a fraction of a share of Common Stock. The Committee may, but shall not be required to, provide for an acceleration of vesting and exercisability in the terms of any Award Agreement upon the occurrence of a specified event.

6.8 Termination of Continuous Service. Unless otherwise provided in an Award Agreement or in an employment agreement the terms of which have been approved by the Committee, in the event an Optionholder's Continuous Service terminates (other than upon the Optionholder's death or Disability), the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination) but only within such period of time ending on the earlier of (a) the date three months following the termination of the Optionholder's Continuous Service or (b) the expiration of the term of the Option as set forth in the Award Agreement; *provided that*, if the termination of Continuous Service is by the Company for Cause, all outstanding Options (whether or not vested) shall immediately terminate and cease to be exercisable. If, after termination, the Optionholder does not exercise his or her Option within the time specified in the Award Agreement, the Option shall terminate.

6.9 Disability of Optionholder. Unless otherwise provided in an Award Agreement, in the event that an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination), but only within such period of time ending on the earlier of (a) the date 12 months following such termination or (b) the expiration of the term of the Option as set forth in the Award Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified herein or in the Award Agreement, the Option shall terminate.

6.10 Death of Optionholder. Unless otherwise provided in an Award Agreement, in the event an Optionholder's Continuous Service terminates as a result of the Optionholder's death, then the Option may be exercised (to the extent the Optionholder was entitled to exercise such Option as of the date of death) by the Optionholder's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the Option upon the Optionholder's death, but only within the period ending on the earlier of (a) the date 12 months following the date of death or (b) the expiration of the term of such Option as set forth in the Award Agreement. If, after the Optionholder's death, the Option is not exercised within the time specified herein or in the Award Agreement, the Option shall terminate.

6.11 Incentive Stock Option \$100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and its Affiliates) exceeds \$100,000, the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as Non-qualified Stock Options.

6.12 Detrimental Activity. Unless otherwise provided in an Award Agreement, all outstanding Options (whether or not vested) shall immediately terminate and cease to be exercisable on the date on which an Optionholder engages in Detrimental Activity.

7. Restricted Awards. A Restricted Award is an Award of actual shares of Common Stock (“**Restricted Stock**”) or an Award of hypothetical Common Stock Units (“**Restricted Stock Units**”) having a value equal to the Fair Market Value of an identical number of shares of Common Stock. Restricted Awards may, but need not, provide that such Restricted Award may not be sold, assigned, transferred or otherwise disposed of, pledged or hypothecated as collateral for a loan or as security for the performance of any obligation or for any other purpose for such period (the “**Restricted Period**”) as the Committee shall determine. Each Restricted Award granted under the Plan shall be evidenced by an Award Agreement. Each Restricted Award so granted shall be subject to the conditions set forth in this Section 7, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

7.1 Restricted Stock. Each Participant granted Restricted Stock shall execute and deliver to the Company an Award Agreement with respect to the Restricted Stock setting forth the restrictions and other terms and conditions applicable to such Restricted Stock. If the Committee determines that the Restricted Stock shall be held by the Company or in escrow rather than delivered to the Participant pending the release of the applicable restrictions, the Committee may require the Participant to additionally execute and deliver to the Company (A) an escrow agreement satisfactory to the Committee, if applicable and (B) the appropriate blank stock power with respect to the Restricted Stock covered by such agreement. If a Participant fails to execute an agreement evidencing an Award of Restricted Stock and, if applicable, an escrow agreement and stock power, the Award shall be null and void. Subject to the restrictions set forth in the Award, the Participant generally shall have the rights and privileges of a shareholder as to such Restricted Stock, including the right to vote such Restricted Stock and the right to receive dividends; *provided that*, any dividends with respect to the Restricted Stock shall be withheld by the Company for the Participant’s account, and interest may be credited on the amount of the cash dividends withheld at a rate and subject to such terms as determined by the Committee. The dividends so withheld by the Committee and attributable to any particular share of Restricted Stock (and earnings thereon, if applicable) shall be distributed to the Participant in cash or, at the discretion of the Committee, in shares of Common Stock having a Fair Market Value equal to the amount of such dividends, if applicable, upon the release of restrictions on such share and, if such share is forfeited, the Participant shall have no right to such dividends.

7.2 Restricted Stock Units. The terms and conditions of a grant of Restricted Stock Units shall be reflected in an Award Agreement. No shares of Common Stock shall be issued at the time a Restricted Stock Unit is granted, and the Company will not be required to set aside funds for the payment of any such Award. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder. To the extent provided in an Award Agreement, the holder of Restricted Stock Units shall be entitled to be credited with dividend equivalent payments (upon the payment by the Company of dividends on shares of Common Stock) either in cash or, at the sole discretion of the Committee, in shares of Common Stock having a Fair Market Value equal to the amount of such dividends (and interest may, at the sole discretion of the Committee, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as provided by the Committee), which accumulated dividend equivalents (and interest thereon, if applicable) shall be payable to the Participant upon the release of restrictions on such Restricted Stock Units, and if such Restricted Stock Units are forfeited, the Participant shall have no right to such dividend equivalent payments.

### 7.3 Restrictions.

(a) Restrictions on Restricted Stock. Restricted Stock awarded to a Participant shall be subject to the following restrictions until the expiration of the Restricted Period, and to such other terms and conditions as may be set forth in the applicable Award Agreement: (A) if an escrow arrangement is used, the Participant shall not be entitled to delivery of the stock certificate; (B) the shares shall be subject to the restrictions on transferability set forth in the Award Agreement; (C) the shares shall be subject to forfeiture to the extent provided in the applicable Award Agreement; and (D) to the extent such shares are forfeited, the stock certificates shall be returned to the Company, and all rights of the Participant to such shares and as a shareholder with respect to such shares shall terminate without further obligation on the part of the Company.

(b) Restrictions on Restricted Stock Units. Restricted Stock Units awarded to a Participant shall be subject to (A) forfeiture until the expiration of the Restricted Period and satisfaction of any applicable performance goals during such period, to the extent provided in the applicable Award Agreement, and to the extent such Restricted Stock Units are forfeited, all rights of the Participant to such Restricted Stock Units shall terminate without further obligation on the part of the Company and (B) such other terms and conditions as may be set forth in the applicable Award Agreement.

(c) Committee Discretion to Remove Restrictions. The Committee shall have the authority to remove any or all of the restrictions on the Restricted Stock or Restricted Stock Units whenever it may determine that, by reason of changes in Applicable Laws or other changes in circumstances arising after the Grant Date, such action is appropriate.

7.4 Restricted Period. The Restricted Period shall commence on the Grant Date and end at the time or times set forth on a schedule established by the Committee in the applicable Award Agreement; *provided, however*, that notwithstanding any such vesting dates, the Committee may in its sole discretion accelerate the vesting of any Restricted Award at any time and for any reason (or provide that an Award of Restricted Stock will be deemed immediately fully vested). The Committee may, but shall not be required to, provide for an acceleration of vesting in the terms of any Award Agreement upon the occurrence of a specified event.

7.5 Delivery of Restricted Stock and Settlement of Restricted Stock Units. Upon the expiration of the Restricted Period with respect to any shares of Restricted Stock, the restrictions set forth in Section 7.3(a) and the applicable Award Agreement shall be of no further force or effect with respect to such shares, except as set forth in the applicable Award Agreement. If an escrow arrangement is used, upon such expiration, the Company shall deliver to the Participant, or his or her beneficiary, without charge, the stock certificate evidencing the shares of Restricted Stock which have not then been forfeited and with respect to which the Restricted Period has expired (to the nearest full share) and any dividends credited to the Participant's account with respect to such Restricted Stock and the interest thereon, if any. Upon the expiration of the Restricted Period with respect to any outstanding Restricted Stock Units, the Company shall deliver to the Participant, or his or her beneficiary, without charge, one share of Common Stock for each outstanding Restricted Stock Unit and any dividend equivalent payments credited to the Participant's account with respect to such Restricted Stock Units and the interest thereon, if any; *provided, however*, that if explicitly provided in the Award Agreement, the Committee may, in its sole discretion, elect to pay part cash or part cash and part Common Stock in lieu of delivering only shares of Common Stock for vested Restricted Stock Units. If a cash payment is made in lieu of delivering shares of Common Stock, the amount of such payment shall be equal to the Fair Market Value of the Common Stock as of the date on which the Restricted Period lapsed.

No Restricted Award may be granted or settled for a fraction of a share of Common Stock.

8. Securities Law Compliance.

8.1 Securities Registration. No Awards shall be granted under the Plan and no shares of Common Stock shall be issued and delivered upon the exercise of Options granted under the Plan unless and until the Company and/or the Participant have complied with all applicable federal and state registration, listing and/or qualification requirements and all other requirements of law or of any regulatory agencies having jurisdiction.

8.2 Representations; Legends. The Committee may, as a condition to the grant of any Award or the exercise of any Option under the Plan, require a Participant to (i) represent in writing that the shares of Common Stock received in connection with such Award are being acquired for investment and not with a view to distribution and (ii) make such other representations and warranties as are deemed appropriate by counsel to the Company. Each certificate representing shares of Common Stock acquired under the Plan shall bear a legend in such form as the Company deems appropriate.

9. Use of Proceeds from Stock. Proceeds from the sale of Common Stock pursuant to Awards, or upon exercise thereof, shall constitute general funds of the Company.

10. Miscellaneous.

10.1 Acceleration of Exercisability and Vesting. The Committee shall have the power to accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Award stating the time at which it may first be exercised or the time during which it will vest.

10.2 Shareholder Rights. Except as provided in the Plan or an Award Agreement, no Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to an Award unless and until such Participant has satisfied all requirements for exercise or settlement of the Award pursuant to its terms and no adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions of other rights for which the record date is prior to the date such Common Stock certificate is issued, except as provided in Section 11 hereof.

10.3 No Employment or Other Service Rights. Nothing in the Plan or any instrument executed or Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or shall affect the right of the Company or an Affiliate to terminate (a) the employment of an Employee with or without notice and with or without Cause or (b) the service of a Director pursuant to the By-laws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

10.4 Transfer; Approved Leave of Absence. For purposes of the Plan, no termination of employment by an Employee shall be deemed to result from either (a) a transfer of employment to the Company from an Affiliate or from the Company to an Affiliate, or from one Affiliate to another, or (b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the Employee's right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise so provides in writing, in either case, except to the extent inconsistent with Section 409A of the Code if the applicable Award is subject thereto.

10.5 Withholding Obligations. To the extent provided by the terms of an Award Agreement and subject to the discretion of the Committee, the Participant may satisfy any federal, state or local tax withholding obligation relating to the exercise or acquisition of Common Stock under an Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company) or by a combination of such means: (a) tendering a cash payment; (b) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable to the Participant as a result of the exercise or acquisition of Common Stock under the Award, *provided, however*, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law; or (c) delivering to the Company previously owned and unencumbered shares of Common Stock of the Company.

11. Adjustments Upon Changes in Stock. In the event of changes in the outstanding Common Stock or in the capital structure of the Company by reason of any stock or extraordinary cash dividend, stock split, reverse stock split, an extraordinary corporate transaction such as any recapitalization, reorganization, merger, consolidation, combination, exchange, or other relevant change in capitalization occurring after the Grant Date of any Award, Awards granted under the Plan and any Award Agreements, the exercise price of Options and the maximum number of shares of Common Stock subject to Awards stated in Section 4 will be equitably adjusted or substituted, as to the number, price or kind of a share of Common Stock or other consideration subject to such Awards to the extent necessary to preserve the economic intent of such Award. In the case of adjustments made pursuant to this Section 11, unless the Committee specifically determines that such adjustment is in the best interests of the Company or its Affiliates, the Committee shall, in the case of Incentive Stock Options, ensure that any adjustments under this Section 11 will not constitute a modification, extension or renewal of the Incentive Stock Options within the meaning of Section 424(h)(3) of the Code and in the case of Non-qualified Stock Options, ensure that any adjustments under this Section 11 will not constitute a modification of such Non-qualified Stock Options within the meaning of Section 409A of the Code.

12. Effect of Change in Control.

12.1 In the event of a Change in Control, the Committee may, but shall not be obligated to:

- (a) accelerate, vest or cause the restrictions to lapse with respect to all or any portion of any Award;
- (b) cancel Awards and cause to be paid to the holders of vested Awards the value of such Awards, if any, as determined by the Committee, in its sole discretion, it being understood that in the case of any Option with an Option Exercise Price that equals or exceeds the price paid for a share of Common Stock in connection with the Change in Control, the Committee may cancel the Option without the payment of consideration therefor;
- (c) provide for the issuance of substitute Awards or the assumption or replacement of such Awards; or
- (d) provide written notice to Participants that for a period of at least ten days prior to the Change in Control, such Awards shall be exercisable, to the extent applicable, as to all shares of Common Stock subject thereto and upon the occurrence of the Change in Control, any Awards not so exercised shall terminate and be of no further force and effect.

12.2 The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to all or substantially all of the assets and business of the Company and its Affiliates, taken as a whole.

### 13. Amendment of the Plan and Awards.

13.1 Amendment of the Plan. The Board at any time, and from time to time, may amend or terminate the Plan. However, except as provided in Section 11 relating to adjustments upon changes in Common Stock and Section 13.3, no amendment shall be effective unless approved by the shareholders of the Company to the extent shareholder approval is necessary to satisfy any Applicable Laws. At the time of such amendment, the Board shall determine, upon advice from counsel, whether such amendment will be contingent on shareholder approval.

13.2 Shareholder Approval. The Board may, in its sole discretion, submit any other amendment to the Plan for shareholder approval.

13.3 Contemplated Amendments. It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible Employees, Consultants and Directors with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Stock Options or to the nonqualified deferred compensation provisions of Section 409A of the Code and/or to bring the Plan and/or Awards granted under it into compliance therewith.

13.4 No Impairment of Rights. Rights under any Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (a) the Company requests the consent of the Participant and (b) the Participant consents in writing.

13.5 Amendment of Awards. The Committee at any time, and from time to time, may amend the terms of any one or more Awards; *provided, however,* that the Committee may not affect any amendment which would otherwise constitute an impairment of the rights under any Award unless (a) the Company requests the consent of the Participant and (b) the Participant consents in writing.

### 14. General Provisions.

14.1 Clawback; Forfeiture. Notwithstanding anything to the contrary contained herein, the Committee may, in its sole discretion, provide in an Award Agreement or otherwise that the Committee may cancel such Award if the Participant has engaged in or engages in any Detrimental Activity. The Committee may, in its sole discretion, also provide in an Award Agreement or otherwise that (i) if the Participant has engaged in or engages in Detrimental Activity, the Participant will forfeit any gain realized on the vesting, exercise or settlement of any Award, and must repay the gain to the Company and (ii) if the Participant receives any amount in excess of what the Participant should have received under the terms of the Award for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), then the Participant shall be required to repay any such excess amount to the Company. Without limiting the foregoing, all Awards shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with Applicable Laws.

14.2 Reserved.

14.3 Sub-plans. The Committee may from time to time establish sub-plans under the Plan for purposes of satisfying blue sky, securities, tax or other laws of various jurisdictions in which the Company intends to grant Awards. Any sub-plans shall contain such limitations and other terms and conditions as the Committee determines are necessary or desirable. All sub-plans shall be deemed a part of the Plan, but each sub-plan shall apply only to the Participants in the jurisdiction for which the sub-plan was designed.

14.4 Unfunded Plan. The Plan shall be unfunded. Neither the Company, the Board nor the Committee shall be required to establish any special or separate fund or to segregate any assets to assure the performance of its obligations under the Plan.

14.5 Recapitalizations. Each Award Agreement shall contain provisions required to reflect the provisions of Section 11.

14.6 Delivery. Upon exercise of a right granted under this Plan, the Company shall issue Common Stock or pay any amounts due within a reasonable period of time thereafter. Subject to any statutory or regulatory obligations the Company may otherwise have, for purposes of this Plan, 30 days shall be considered a reasonable period of time.

14.7 No Fractional Shares. No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan. The Committee shall determine whether cash, additional Awards or other securities or property shall be issued or paid in lieu of fractional shares of Common Stock or whether any fractional shares should be rounded, forfeited or otherwise eliminated.

14.8 Other Provisions. The Award Agreements authorized under the Plan may contain such other provisions not inconsistent with this Plan, including, without limitation, restrictions upon the exercise of the Awards, as the Committee may deem advisable.

14.9 Section 409A. The Plan is intended to comply with Section 409A of the Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted and administered to be in compliance therewith. Any payments described in the Plan that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless Applicable Laws require otherwise. Notwithstanding anything to the contrary in the Plan, to the extent required to avoid accelerated taxation and tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six (6) month period immediately following the Participant's termination of Continuous Service shall instead be paid on the first payroll date after the six-month anniversary of the Participant's separation from service (or the Participant's death, if earlier). Notwithstanding the foregoing, neither the Company nor the Committee shall have any obligation to take any action to prevent the assessment of any additional tax or penalty on any Participant under Section 409A of the Code and neither the Company nor the Committee will have any liability to any Participant for such tax or penalty.

14.10 Disqualifying Dispositions. Any Participant who shall make a "disposition" (as defined in Section 424 of the Code) of all or any portion of shares of Common Stock acquired upon exercise of an Incentive Stock Option within two years from the Grant Date of such Incentive Stock Option or within one year after the issuance of the shares of Common Stock acquired upon exercise of such Incentive Stock Option (a "**Disqualifying Disposition**") shall be required to immediately advise the Company in writing as to the occurrence of the sale and the price realized upon the sale of such shares of Common Stock.

14.11 Beneficiary Designation. Each Participant under the Plan may from time to time name any beneficiary or beneficiaries by whom any right under the Plan is to be exercised in case of such Participant's death. Each designation will revoke all prior designations by the same Participant, shall be in a form reasonably prescribed by the Committee and shall be effective only when filed by the Participant in writing with the Company during the Participant's lifetime.

14.12 Expenses. The costs of administering the Plan shall be paid by the Company.

14.13 Severability. If any of the provisions of the Plan or any Award Agreement is held to be invalid, illegal or unenforceable, whether in whole or in part, such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions shall not be affected thereby.

14.14 Plan Headings. The headings in the Plan are for purposes of convenience only and are not intended to define or limit the construction of the provisions hereof.

14.15 Non-Uniform Treatment. The Committee's determinations under the Plan need not be uniform and may be made by it selectively among persons who are eligible to receive, or actually receive, Awards. Without limiting the generality of the foregoing, the Committee shall be entitled to make non-uniform and selective determinations, amendments and adjustments, and to enter into non-uniform and selective Award Agreements.

15. Effective Date of Plan. The Plan shall become effective as of the Effective Date, provided that no Incentive Stock Option may be granted unless and until (i) the Plan is approved by shareholders of the Company and (ii) such approval by shareholders of the Company is received within 12 months of the Effective Date.

16. Termination or Suspension of the Plan. The Plan shall terminate automatically ten years following the Effective Date. No Award shall be granted pursuant to the Plan after such date, but Awards theretofore granted may extend beyond that date. The Board may suspend or terminate the Plan at any earlier date pursuant to Section 13.1 hereof. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

17. Choice of Law. The law of the State of Nevada shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to such state's conflict of law rules.

As adopted by the Board of Directors of SunHydrogen, Inc.

**Exhibit 23.1****CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statement on Form S-3 (File No. 333-252523) and Form S-8 (File No. 333-228900) of our report dated October 7, 2022, relating to the financial statements of SunHydrogen, Inc. for the years ended June 30, 2022 and 2021, which appears in this Form 10-K.

/s/ M&K CPAS, PLLC

Houston, Texas  
October 7, 2022

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**EXHIBIT 31.1**

**CERTIFICATION  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Timothy Young, certify that:

1. I have reviewed this annual report on Form 10-K of SunHydrogen, Inc. for the fiscal year ended June 30, 2022;
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(s) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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: October 7, 2022

By: /s/ Timothy Young

Timothy Young  
Chief Executive Officer &  
Acting Chief Financial Officer  
(Principal Executive Officer and  
Principal Financial Officer)

**EXHIBIT 32.1****CERTIFICATION PURSUANT TO 18 USC, SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of SunHydrogen, Inc. (the "Company") on Form 10-K for the fiscal year ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy Young, Chief Executive Officer & Acting Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 7, 2022

/s/ Timothy Young

By: Timothy Young  
Its: Chief Executive Officer &  
Acting Chief Financial Officer  
(Principal Executive Officer and  
Principal Financial Officer)