

# **ANNUAL FINACIAL REPORT**

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Pursuant to Rule 15c2-11(a)(5) For

**For**

## **HYDROGEN ENGINE CENTER, INC. (Nevada)**

6770 Snapps Ferry Road  
Afton TN 37616  
<https://www.hec-hyeg.com>  
[contact@hecwo.com](mailto:contact@hecwo.com)

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**For the Year Ended December 31, 2024**

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**Dated: January 6, 2024**

Federal securities laws, such as Rules 10b-5 15c2-11 of the Securities Exchange Act of 1934 ("Exchange Act") as well as Rule 144 of the Securities Act of 1933 ("Securities Act"), and state Blue Sky laws, require issuers to provide adequate current information to the public markets. OTC Markets Group has created these OTC Pink Basic Disclosure Guidelines to encourage compliance with these laws. We use the basic disclosure information provided by OTC Pink companies under these guidelines to designate the appropriate tier in the OTC Pink marketplace: Current, Limited, or No info. OTC Markets Group may require companies with securities designated as "Caveat Emptor" to make additional disclosures to qualify for the OTC Pink Current Information tier.

### **Company Headquarters**

6770 Snapps Ferry Road  
Afton TN 37616  
Phone (423) 470-3425  
Email: contact@hecwo.com

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was :

As of December 31, 2023, **49,803,144**

As of September 30, 2024, **109,803,144**

### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934, and Rule 15c2-11 of the Exchange Act of 1934):

Yes:  No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes:  No:

### **Change in Control**

Indicate by check mark whether a Change in Control of the company has occurred during this reporting period:

Yes: No:

### **1)Name and address(es) of the issuer and its predecessors (if any)**

HYDROGEN ENGINE CENTER, INC.", a Nevada corporation (referenced as "HEC," the "Company," "we," "us," or "our") below

Current State and Date of Incorporation or Registration: **NEVADA 08/03/2000**

Standing in this jurisdiction (e.g., active, default, inactive): **ACTIVE.**

Prior Incorporation Information for the issuer and any predecessors during the past five years:

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the Issuer or its predecessors since inception:

**NONE**

Has the issuer or its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No:  Yes:  If Yes, provide additional details below:

## 2) Security Information

### Transfer Agent

ClearTrust, LLC  
16540 Pointe Village Drive, Suite 210,  
Lutz, Florida 33558  
+1 813 235 4490  
[cleartrustonline.com](http://cleartrustonline.com)

### Publicly Quoted or Traded Securities:

Trading symbol:	HYEG
Exact title and class of securities outstanding:	Common
CUSIP:	448876102
Par or stated value:	\$0.001
Total shares authorized:	as of June 31, 2024, <b>260,000,000</b>
Total shares outstanding:	as of June 31, 2024, <b>109,803,144</b>
Total number of shareholders of record:	as of June 31, 2024, <b>210</b>

### Security Description:

101,789,894 outstanding "HEC" shares have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and the shares will be "restricted securities" under Rule 144 promulgated under the Securities Act ("Rule 144").

Under applicable rules, this restriction may not be lifted for holders of Restricted Shares until HEC has filed all periodic reports required to be filed with the Securities and Exchange Commission ("SEC") during the 12 months before the date of resale by the shareholder.

Every shareholder of record shall be entitled to one vote for every share of Common Stock standing in its name on the record of the shareholders. There are no pre-emptive rights on the Company's common stock.

## 3) Issuance History

### **A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes:

<b>Shares Outstanding Opening Balance:</b>									
Date <u>Ded 31, 2023</u>									
Common: <u>49,803,000</u>									
Date of Transaction	Transaction type new issuance	Number of Shares Issued	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount	Individual or Entity Shares were issued to.	Reason for share issuance	Restricted	Exemption or Registration Type.
December 31, 2024	New Issuance	60,000,000	Common	<u>\$0.17</u>	NO	MONTE ACEDOS S.L. C. Martinez	Purchase of TINA Shares	Restricted	NO
Shares Outstanding on Date of This Report: <u>December 31, 2024</u>									
<u>Ending Balance:</u>									
Common: <u>109,803,144</u>									

Under Rule 144, as currently in effect, a person who is not an affiliate (and has not been an affiliate for the preceding three months) of an issuer who has met reporting requirements for at least 90 days may resell the securities after a six-month holding period. If the issuer has yet to file all required reports for at least twelve months before the sale (or for a shorter period if the issuer has been subject to reporting requirements for less than twelve months), the holding period is extended to one year.

If the issuer has met reporting requirements for at least 90 days and has filed all required reports for at least twelve months before the sale (or for a shorter period if the issuer has been subject to reporting requirements for less than twelve months), an affiliate can resell securities after the expiration six months, subject to certain other conditions:

- The number of securities to be resold must fall within specified volume limitations.
- The resale must comply with the revised "manner of sale" conditions and
- The seller may be required to file a Form 144 reporting the sale (or proposed sale), subject to the new reporting threshold.

A person who is not deemed to be an "affiliate" and has not been an affiliate for the most recent three months and who has held restricted shares for at least one year would be entitled to sell such shares without regard to the reporting status of the issuer.

Employee Stock Compensation Plan. The Company maintains stock-based benefit plans for certain employees and directors to receive restricted stock grants or options. The exercise price for each option equals the market price of the Company's stock on the grant date, and an option's maximum contractual term is ten years.

Generally accepted accounting principles in the United States of America Codification Section 718 require an entity to measure the cost of employee services received in exchange for an equity instrument award based on the prize's grant-date fair value (with limited exceptions). That cost will be recognized over the period in which an employee is required to provide service in exchange for the award—the requisite service period.

**On June 30, 2024, the Company had no outstanding warrants or stock options.**

**B. Promissory and Convertible Notes**

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer’s equity securities:

No:  Yes:  (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms	Name of Noteholder	Reason for Issuance
08/2018	\$230,315	\$230,315	0%	08/2019	Cash or Shares at value of \$ 0.21	Pedro Blach	Loan
06/2024	\$250,000	\$250,000	2%	07/2026	Cash or Shares at value of \$ 0.089	Federico J. Gonzalez	Loan

**4) Issuer’s Business, Products and Service**

Hydrogen Engine Center is built on the vision of carbon-free energy independence through developing and commercializing clean solutions for today’s energy needs.

Our developing technologies can potentially revolutionize our world by eliminating the political and environmental problems generated by our ever-increasing appetite for energy sources. Our methods of harnessing the energy around us need more than wisdom and creativity.

Presently, the only commercial viability of green hydrogen is on-site production in the sites where MPMGH2 Hybrid Power Systems can compete in cost with Hybrid Power Systems integrated by PV-Diesel Gensets-Batteries deployed in rural and remote areas without access to commercial electricity.

The centralized production of large Green Hydrogen production plants and its distribution to end users face multiple technological problems that are currently unresolved, such as its compression, storage, transportation, the particularities of the embrittlement of materials due to the affinity of hydrogen to combine, the use of Alkaline Electrolyzers that are the only ones that have a nominal production capacity of MW, but that do not operate efficiently with renewable energies and there are many doubts that some of the above mentioned technological challenges can be resolved at a commercial level in the short term.

There was no demand for the manufacturing and marketing of Alkaline or PEM Electrolyzers to be profitable; proof of this is that the Large worldwide electrolyzer manufacturing companies, despite million-dollar investments in developing their equipment technology, have suffered constant losses since their incorporation.

We manufacture and commercialize multipurpose modules capable of producing green hydrogen (MPMGH2), green electricity (MPMGE), and green ammonia (MPMGNH3) on-site

through proprietary HEC-TINA technologies.

The MPMGE will focus on emerging countries such as Asian countries (Southeast Asian Nations), Africa, and Latam. More specifically, it is expected to be used in villages without or with difficulty accessing the electricity grid. Most remote villages currently use Hybrid Power Energy Systems composed of renewable sources (wind, solar, etc.) combined with diesel generators or Batteries. The 30-year LCOE of the kWh produced by HEC-TINA's MPM Green Electricity modules deployed in villages with demand under 200 kWh/day is in the levels of \$0,49, cheaper than the Hybrid mentioned above Power Energy Systems and 100% environmentally friendly.

Village 16 Households 3 kWh/day		Comparison kWh LOCE 24/7/365					
Generated kWh 25 years	Diesel&Genset	Diesel&Genset	PV-Lead Acid Batteries		MPMGE		
438.000	Unsubsidized diesel	Subsidized Diesel					
3 gensets 12 HP Op 8h each	\$16.800	\$16.800	PV+Batteries	\$157.500	Platform + 20 KW PV Plant	\$11.000	
Construction of Facilities	\$31.500	\$31.500	Constructions	\$31.500	2 ICEH2 genset* 7kW Operate LRPM	\$10.000	
	<b>CAPEX \$48.300</b>	<b>\$48.300</b>		<b>CAPEX \$189.000</b>	H2 Storage Tanks	\$6.000	
					Transport commision , training , startup	\$13.000	
					Electrolyser up to 0,3KgGH2/h	\$49.000	
					<b>CAPEX</b>	<b>\$89.000</b>	
<b>OPEX /Overhaul/Replacement/Disposal</b>							
Operation 25 years	\$899.850	\$296.636				25 years	\$125.000
Transportation 25 years 72 l/d	\$252.000	\$252.000					
6 to 10 year	\$17.640	\$17.640		\$84.000			
11 to 15 year	\$17.640	\$17.640		\$84.000			
16 to 20 year	\$17.640	\$17.640		\$84.000			
21 to 25 year	\$17.640	\$17.640		\$84.000			
26 to 30 year	\$17.640	\$17.640		\$84.000			
<b>Total</b>	<b>\$1.288.350</b>	<b>\$685.136</b>		<b>\$609.000</b>			<b>\$214.000</b>
<b>25 years kWh LCOE</b>	<b>\$2,94</b>	<b>\$1,56</b>		<b>\$1,39</b>			<b>\$0,49</b>
<b>Total cost kWh 25 years</b>	<b>\$1.288.350</b>	<b>\$685.136</b>		<b>\$609.000</b>			<b>\$214.000</b>
Health/Environmental Social	<b>High</b>	<b>High</b>		<b>Moderate</b>			<b>None</b>

On May 13, 2024, **HYDROGEN ENGINE CENTER & TINA ENERGY SYSTEMS** ([www.tinahy.com](http://www.tinahy.com)), with their associate "SYNERGY H2 ENERGY SDN BHD" ([www.synergy-group.my](http://www.synergy-group.my)) (Malaysia), has signed an agreement with the government corporation "INNOPRISE CORPORATION SDN BHD" ([www.yayasansabahgroup.org.my](http://www.yayasansabahgroup.org.my)), Wisma Innoprise Jalan Sulaman, Kota Kinabalu (Sabah - Malaysia), for the delivery of HEC-TINA Hybrid Power Systems MPMGE for the electrification of the rural villages outlined in the SABAH Renewable Energy Rural Electrification Road Map ([Sabah re2 roadmap](#)). Delivery of a POC MPMGE demo unit is scheduled before June 2025.

The electrification of rural villages project will receive funding from the Malaysia Ministry of Rural Development ( KPLB ) to the Sabah State Government and the Sabah Foundation ("INNOPRISE CORPORATION SDN BHD"). The initial forecast budget for the electrification program of 200 rural villages is USD 70 million within five years.

HEC-TINA will deploy its containerized multipurpose modules in the villages to produce on-site, cost-effective green electric power 24/7/365 at a lower kWh LCOE than the present pollutant alternatives by Power Hybrid Systems.( PV/Diesel - PV /Batteries - PV/ Batteries /Diesel)

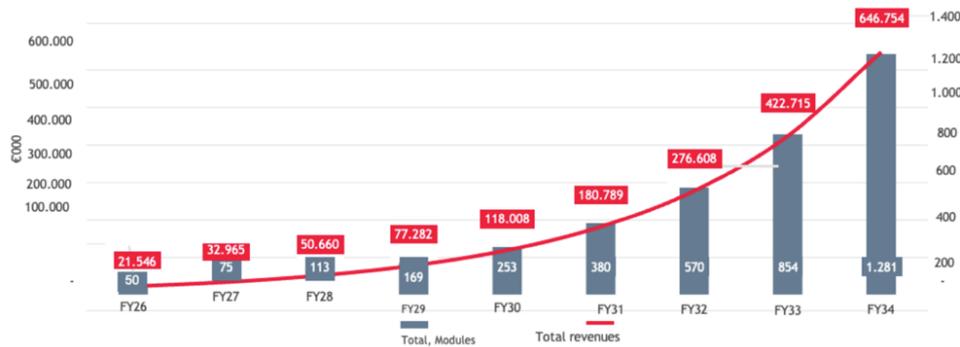
The project, which will utilize only sun and water to produce Green Electricity, will position SABAH state and HEC-TINA-TECNALIA as worldwide pioneers in implementing a breakthrough decarbonization politics through the electrification of the rural villages with green hydrogen-green electricity, contributing to a more sustainable SABAH future.

As a consequence of our deployment of our MPMGE in SABAH, we expect to accelerate and finalize our ongoing negotiations with several Southeast Asian Nations ("ASEAN") for the sale

and installation of our MPMs; these MPMs will provide 24/7/365 reliable, safe, and economical green power to remote and rural villages, schools, clinics, islands, border checkpoints, etc.

### MPMGE Forecast Income Statement

\$'000	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
# Modules	50	75	113	169	253	380	570	854	1,281
Prices (\$'000)	418	427	435	444	453	462	471	481	490
<b>Revenues from Modules</b>	<b>20.918</b>	<b>32.005</b>	<b>49.185</b>	<b>75.031</b>	<b>114.570</b>	<b>175.524</b>	<b>268.551</b>	<b>410.403</b>	<b>627.916</b>
Revenues from O&M	628	960	1.476	2.251	3.437	5.266	8.057	12.312	18.837
<b>Total revenues</b>	<b>21.546</b>	<b>32.965</b>	<b>50.660</b>	<b>77.282</b>	<b>118.008</b>	<b>180.789</b>	<b>276.608</b>	<b>422.715</b>	<b>646.754</b>



The HEC-TINA MPMGE PEM Electrolyzer for villages that demand 24/7/365 up to 200 kWh/d will be equipped with one or two of the latest state-of-the-art PEM stack versions developed by TINA. One stack will produce up to 2.00 kg/h of green H<sub>2</sub> at >2900 psi. The PEM Electrolyzers operate safely without concerns about erratic energy supply from renewable sources.

In addition, TINA is in talks with the Sarawak State Government (Malaysia), which plans to electrify about 400 rural villages, with about 20,000 homes, clinics, and rural schools, and with an official Angolan agency to deploy MPM for checkpoints migration control on its borders.

The HC-TINA PEM Electrolyzers' unique technical characteristics will allow a HEC-TINA mini ammonia plant to operate 24/7/365, taking advantage of IRA Law incentives on the kg of Green Hydrogen produced. This enables the production of MPM Green Ammonia at competitive market prices. The MPMGE and MPMGNH<sub>3</sub> mini industrial complex can make between 3 and 4 kg/hour 24/7/365 of Green Ammonia to match most U.S. farmers' average yearly fertilizer needs.

The design of this Mini Green Ammonia Plant has presented several challenges, such as the synthesis column's design considering the installation's small dimensions, with a new design reactor, utilization of liquid metal carriers, which will allow efficient heat removal and placement in limited dimensions and will not allow the reactor to quickly lose heat during expected downtime due to the nonconstant availability of "green." feedstock which will be delivered by the TINA PEM electrolyzer with a purity of >99,99% @ 3,000Psi, which significantly simplifies the process and the cost of the plant.

The project also holds the potential to make green hydrogen available to US farmers for mobility or green electricity. The green ammonia produced will be stored in tanks until soil fertilization periods, ensuring a steady supply for the farmers.

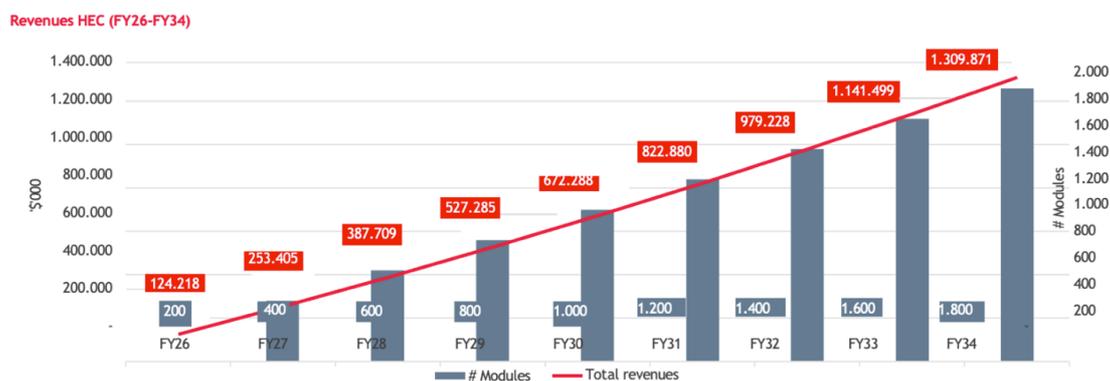
We expect that MPMGH2 and MPMGNH3 will be key energy modules for USA farmers, allowing them to increase efficiency, save costs, and 30 years with a practically fixed cost of ammonia made by water and sun as raw materials and obtain an extra profit from their crops.

There are approximately 1,8 million farmers in the USA, with land farms of roughly 400 acres (mean). HEC will initially focus on certain U.S. states, such as California, Texas, Oklahoma, Nevada, etc., as the daily hours of solar irradiation are higher than in other states. Hydrogen production through MPMGH2 will be 100% green through dedicated PV plants to provide electric energy.

USA farmers benefit from incentives from the USA Public Administration, such as: **i)** they will be awarded a tax credit of up to \$3.00 per kg of green Hydrogen produced; and **ii)** the U.S. Department of Agriculture offers farmers soft loans up to c.\$600k with repayment period up-to 40 years at an interest rate of 4,75%.

**MPMGH2&MPMGNH3 Forecast Income Statement**

\$'000	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
# Modules	200	400	600	800	1.000	1.200	1.400	1.600	1.800
Prices (\$'000)	603	615	627	640	653	666	679	693	707
<b>Revenues from Modules</b>	<b>120.600</b>	<b>246.024</b>	<b>376.417</b>	<b>511.927</b>	<b>652.707</b>	<b>798.913</b>	<b>950.706</b>	<b>1.108.252</b>	<b>1.271.719</b>
Revenues from O&M	3.618	7.381	11.293	15.358	19.581	23.967	28.521	33.248	38.152
<b>Total revenues</b>	<b>124.218</b>	<b>253.405</b>	<b>387.709</b>	<b>527.285</b>	<b>672.288</b>	<b>822.880</b>	<b>979.228</b>	<b>1.141.499</b>	<b>1.309.871</b>

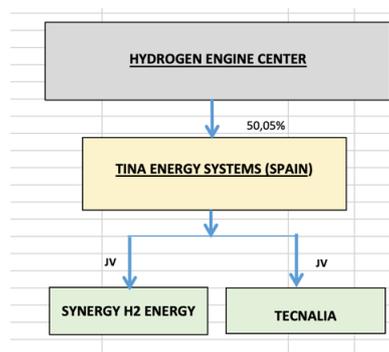


IEA, forecast the GNH3 market of €3.53b in 2022 will CAGR of 6,7% to €6.72b in 2030

Statements may be considered "**forward-looking statements**" under the Private Securities Litigation Reform Act of 1995. **Forward-looking statements** are based on current expectations and the current economic environment. We caution readers that such forward-looking statements are not guarantees of future performance. Unknown risks and uncertainties as well as other uncontrollable or unknown factors could cause actual forecast to materially differ from the results, performance or expectations expressed or implied by such forward-looking statements. According to United States Code 15 Section 78u-5,

### HEC List subsidiaries and affiliated companies.

- TINA ENERGY SYSTEMS S. L.
- TINA JV with Sinergy H2 Energy (Malaysia)
- TINA MoU with TECNALIA (Spain)



TINA is a private Spain-based company incorporated in 2012 as a spin-off between DFCC and HyWo. Before TINA's incorporation, as a spinoff of DFCC and HyWo, they made significant investments in Research & Development related to components required to produce green Hydrogen. As a result of this R&D, TINA has developed a unique PEM electrolyzer that can make green Hydrogen at high pressures (over 200 bars) without the need to be compressed. Furthermore, Tina's Electrolyzers can produce electrolysis through an intermittent power source such as PV plants and wind farms, making it ideal for generating Hydrogen using renewable energy, meaning that the Hydrogen obtained is 100% green, without any carbon footprint. TINA has been awarded several grants from the EU Next Generation and Horizon funds during FY22 and FY23. These funds are earmarked for the construction of the industrial facility to manufacture PEM Electrolyzers and the development of the actual HEC-TINA ICEH2, Generator which equipped the MPMGH2 to be fueled by a mixture of Hydrogen, Oxygen, and Argon. This financial support underscores TINA's potential and stability in the market. TINA hired the international firm **KPMG and Fi Group** to fulfill the extensive legal and financial regulations requested by the E.U. to access the hydrogen program grants.

On June 20 /24, HEC&TINA signed an MoU with TECNALIA ([www.tecnalia.com](http://www.tecnalia.com)) to incorporate a TINA & TECNALIA JV vehicle to manufacture, assemble, and deliver the HEC-TINA MPMGE to SABAH.

**TECNALIA** is Spain's most considerable applied research and technological European development center and a European benchmark. It collaborates with companies and institutions to improve their competitiveness and people's quality of life and achieve sustainable growth, thanks to a team of more than 1,500 employees committed to building a better world through technological research and innovation. That is why TECNALIA's research impacts society and generates benefits regarding quality of life and progress. Its main scopes of action are smart manufacturing, digital transformation, energy transition, sustainable mobility, health and food, urban ecosystem, and circular economy. In the latest awareness and positioning study carried out by the European Research Survey ERS in 2022, **TECNALIA** occupies the first position in R+D+i brand awareness.

TECNALIA Members of the Board of Trustees are institutional government organizations, banks, and significant public Spanish companies. We will outsource all manufactured parts and components and bring them into our production facility for assembly. The assembly process uses no hazardous materials and does not create any hazardous waste.

[Status of TINA EU Green Hydrogen Programs Aids](#)

Entity and project Subject	Total Project Budget	Grant / Equity	Status September 2024
<b>Program 1</b> MITECO&IDAE NextGen EU Industrial Facilities for PEM Electrolyzers manufacture	8,914,508€	1.782,902€ Grant	Granted Dec/2022
<b>Program 2</b> MITECO&IDAE NextGen EU New ICE fueled by Hydrogen + Oxygen + Argon	1.278.325€	575.264€ Grant	Granted Jan/2023
<b>EU HORIZON EIC ACCELERATOR</b> Mini Complex Green H2 and NH3	8,350,000€	2.150,000€ Grant 6,200,000 € Equity	In process Firts Resolution before end Feb 2025
<b>Total</b>	<b>18,542,833€</b>	<b>4,508,165€ Grant</b> <b>6,200,000€ Equity</b>	

[Status of Certified Works done in Program 05 November 2024 and corresponding Non-Refundable Subsidy](#)

Código del expediente	NIF Beneficiario	Coste Subvencionable (€)	Ayuda Propuesta Concesión (€)	Título	CCAA Actuación	Criterios de puntuación					Adjudicación	
						Caract. Téc.	Viab. Econ.	Viab. proy.	Escal. Tecn.	Ext.		Total
PR-H2CVAL1-C1-2022-0048	B86493566	8.914.508,33 €	1.782.901,67 €	Implementación de Facilidades Industriales para la fabricación de electrolizadores PEM directamente a alta presión y desarrollo y construcción de un banco de pruebas de PEM stacks	CASTILLA Y LEÓN	7,000	21,000	7,000	14,000	6,000	55,000	Adjudicado en 1ª Ronda

WP 1	Milestones	PROGRAM 1 Cadena de Valor status 05 November 2024	Budget	Grant 20%	Realized	20% NRS
Actividad 1.1	1.1 Selección Ubicación					
	1.1 Facilidades, alquiler, Instalaciones, normativas		519,000	103,800	116,900	23,380
Actividad 1.2	1.2 Ingeniería Básica distribución instalaciones Planta		150,000	30,000	18,826	3,765
	1.2 Ingeniería de detalle		237,750	47,550		
Actividad 1.3	1.3 Selección proveedores		2,500	500		
Actividad 1.4	1.4 Adquisición de equipos y componentes					
Actividad 1.4	1.4 Instalaciones para recepción de componentes y ensamblaje		50,000	10,000	26,849	5,370
Actividad 1.5	1.5 Servicios periféricos, incluye 600kW paneles solares		427,667	85,533		
	1.5 Tanques almacenamiento 500 m3 (20 Kg)@ 400 bares		800,000	160,000	96,750	19,350
Actividad 1.6	1.6 Banco Test		855,000	171,000	590,900	118,180
<b>WP 2</b>						
Actividad 2.1	2.1 Pruebas en vacío y puesta a punto (memoria)		838,333	167,667	310,800	62,160
Actividad 2.2	2.2 Ensamblaje electrolizador @hasta 200 bares (memoria)		3,450,833	690,167	2,214,000	442,800
Actividad 2.2	2.2 Ensamblaje final versión		252,500	50,500	209,000	41,800
Actividad 2.2	2.2 Pruebas finales a 1500 horas		259,500	51,900		
Actividad 2.2	2.2 Ensamblaje versión comercial		229,500	45,900		
Actividad 2.3	2.3 Homologación		301,925	60,385		
Salaries cost			540,000	108,000		
			<b>8,914,508</b>	<b>1,782,902</b>	<b>3,584,025</b>	<b>716,805 €</b>
						<b>\$759,847</b>

HEC subsidiary TINA has submitted to HORIZON EU PROGRAM "EIC ACCELERATOR" a project for €2.15 Million in grants and an equity investment of up to €6.2 Million. The project will take advantage of producing GH2 fiscal incentives in the EEUU and EU. It will consist of developing and constructing a containerized carbon-free modular plant for the distributed on-site low production of up to 30kgGH2/day of green hydrogen (GH2), green electricity (GE), and up to 35 Tn /yearly of green fertilizers (GNH3) through renewables (wind/PV) and water.

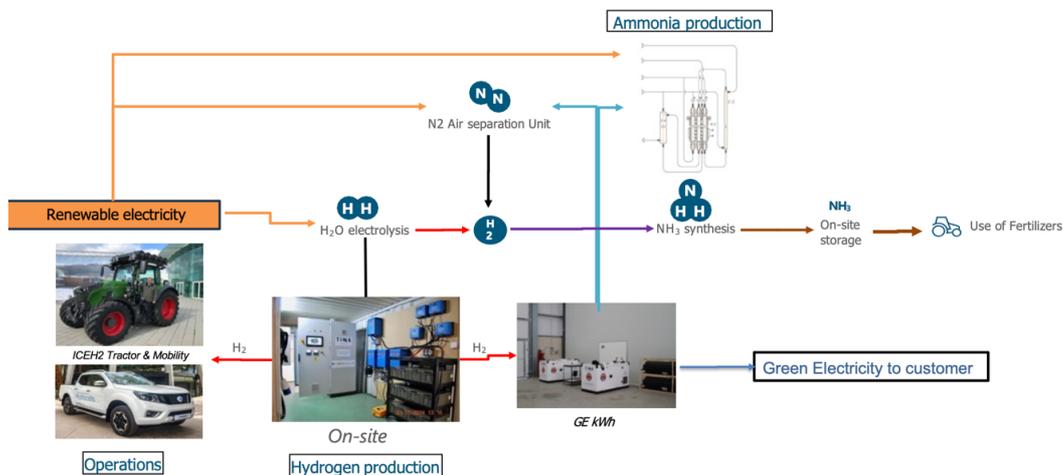
The deployment of the mini TINA modular plant contemplated in the project will drastically

contribute to the reduction of carbon emissions derived from the industrial production of ammonia using natural gas as raw material through the Haber Bosh process and will complementarily provide extra operating revenues to farmers it will give the "green agricultural products" label and the alternative of availing "GH2" for mobility and "GE" in case of end-uses needs in remote rural areas.

## Value Chain



Positioning in the value chain: TINA zero-net-emission model



### B. Issuer's Products and Services

**MPMGH2** It is a multipurpose module mainly composed of i) a PEM Electrolyzer able to produce Hydrogen up to 200 bar of pressure ( unique technology worldwide), ii) Tank storage for the Hydrogen produced, and iii) PV plants.

**MPMGE** It is a multipurpose module integrated by MPMGH2 and ICEH2 Gensets.

**MPMGNH3** is a multipurpose module integrated by MPMGH2 and a mini NH<sub>3</sub> plant. Ammonia is used to produce fertilizers, which farmers use to grow healthy crops. The ammonia produced can be used not only by the farmer owner of the module but also the surplus can be sold to neighbor farmers.

**ICEH2 GENSET.** This product is the critical component of the MPMGE for electricity supply in the absence of renewables.

We expect to start producing MPMGEs and MPMGNH3 in HEC and TINA US facilities by the third quarter of 2026, achieving an initial monthly production capacity of 4 MPMGH2 and MPMGNH3.

### 5) issuer's facilities

20,000 Sqft of TINA Industrial facilities in Villacastin-Segovia (Spain), and 500 Sqf in 6770 Snapps Ferry Road Afton TN 37616. We are presently in the way of selecting new HEC locations to deploy on 2015 new industrial facilities in the US

6) **All Officers, Directors, and Control Persons of the company**

Names of All Officers, Directors, and Control Persons	Affiliation with Company	Residential Address (City/ State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Pedro Blach	CEO	Miami/Florida	1,200,000	Common	1,08%	
Antonio Gomez	Director	Madrid/Spain	-	-	-	-
Jose Ramon Barañano	VP and CFO	Madrid/Spain	-	-	-	-
Theodore Hollinger	Advisor of the BOD	Greeneville /TN	13,206,722	Common	11,89%	
Monte Acedos	Shareholder	Madrid	60,000,000	Common	54,04%	Clo. Martinez
Lucas Blach	Shareholder	Switzerland	17,217,951	Common	15,50%	

7) **Legal/Disciplinary History**

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past ten years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

**NO**

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended, or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended, or otherwise limited such person's involvement in any business, securities, commodities, financial- or investment-related, insurance or banking activities.

**NO**

3. Been the subject of a finding, disciplinary order, or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

**NO**

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above, or

**NO**

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any business or securities activities.

**NO**

6. Been the subject of a U.S. Postal Service false representation order, a temporary

restraining order, or a preliminary injunction concerning conduct alleged to have violated the false representation statute that applies to U.S. mail.

**NO**

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties to it, a description of the factual basis alleged to underlie the proceeding, and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

**NONE**

### **8) Third Party Service Providers**

#### **Legal Counsel**

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC  
265 Brookview Centre Way, Suite 600  
Knoxville, TN 37919  
Direct: 865.549.7125  
Fax: 865.633.7125  
E-mail: [nkibler@bakerdonelson.com](mailto:nkibler@bakerdonelson.com)  
[www.bakerdonelson.com](http://www.bakerdonelson.com)

#### **Accountants**

Craine, Thompson & Jones, P.C.  
225 W First North St  
Morristown, TN 37814  
423-586-7650  
[www.ctandj.net](http://www.ctandj.net)

#### **Auditors**

Rodefer Moss & Co, PLLC  
608 Mabry Hood Road I Knoxville, TN 37932  
865.684.1956 Direct 865.583.0091 Office  
<http://www.rodefermoss.com>

Investor Communication:  
mail: [contact@hecwo.com](mailto:contact@hecwo.com)

### **9) Disclosure & Financial Information**

A. This Disclosure Statement was prepared by :

Name	Pedro Blach
Title	CEO
Relationship to Issuer	Shareholder

Name:	Jose Ramon Baranano
Title:	VP
Relationship to Issuer:	CFO

B. The following financial statements were prepared under:

- IFRS  
 U.S. GAAP

C. The following financial statements were prepared by:

Name: Pedro.B. Martinez  
Title: Economist  
Relationship to Issuer: Consultant

Name: Jose Baranano  
Title: Economist  
Relationship to Issuer: CFO

Describe the qualifications of the person or persons who prepared the financial statements:

**Jose Ramón Barañano** (HEC VP and CFO ): Ambassador of Spain in Australia, New Zealand, Malaysia and India, Nepal, Sri Lanka, and Bhutan. Mr. Barañano graduated in Economics and pursued postgraduate studies at the College of Europe in Bruges and the Spanish Diplomatic Academy. He developed a diplomatic career in 1978; he began his activity in the General Directorship of International Economic Relations (REI), where he held the position of Relations Director with EFTA countries. In 1980, he was successively assigned as Commercial Counsel to the Spanish Embassies in Ecuador, Austria, and Morocco. On his return to Madrid in 1989, he was appointed Deputy General Director of Bilateral Economic Relations until 2006, when he was appointed General Director of Fisheries Resources in the Ministry of Agriculture.

**Pedro B. Martinez** (Consultant): Wake Forest University TN, School of Business BS, Institute of World Politics Washington, D.C. Master of Arts in Strategic Intelligence Studies (National Security & Counterintelligence), CUNEF University (Madrid, Spain) Masters in Corporate Banking & Financial Markets, Santander Corporate & Investment Banking, Debt Capital Markets, MiFID II, Investment intermediaries, and trading venues; SQL, Udemy, CFA Level I, candidate CFA Level II.

HYDROGEN ENGINE CENTER, INC. AND SUBSIDIARIES			
CONSOLIDATED STATEMENTS DECEMBER 31, 2024			
HYDROGEN ENGINE CENTER BALANCE SHEET YEARS 2023 an 2022			
	HEC&TINA December 31, 2024	HEC December 31, 2023	HEC December 31, 2022
<b>Assets</b>			
<b>Non Current Assets (Intangible Assets)</b>			
Know How, Intellectual Property & Patent WO2010/084227A1	2,650,000		
Goodwill	3,747,245		
Inventories R&D reequipment	3,596,978	3,988,000	3,988,000
Fixed Assets	134,720		
Long term financial investments	8,480		
<b>Current Assets</b>			
Trade debtors and other accounts receivable			
Deferred Taxes	36,887		
Cash	759,847	1,050	2,100
<b>Total Assets</b>	<b>\$ 10,934,157</b>	<b>\$ 3,989,050</b>	<b>\$ 3,990,100</b>
<b>Liabilities and Stockholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts Payable	25,136	8,500	9,550
Current portion of long term debts	47,766		
Debits short term			
Other liabilities	85,234		
Tennessee Unemployment tax	384	384	384
Tennessee Excise tax	3,800	3,800	1,100
Baker & Donelson	49,440	49,440	53,942
Craine, Thompson & Jones	4,718	4,718	5,900
David Brown Law	1,574	1,574	1,574
Rodefer Moss	10,000	12,034	12,034
<b>Total Current Liabilities</b>	<b>228,052</b>	<b>80,450</b>	<b>84,484</b>
<b>Non-Current Liabilities</b>			
Long term debts	236,875		
<b>Total current liabilities</b>	<b>\$ 464,927</b>	<b>\$ 80,450</b>	<b>\$ 84,484</b>
<b>STOCKHOLDERS EQUITY</b>			
Common Stock, \$0.001 par value 260,000,000 authorized Shares			
Shares authorize and outstanding at December 31, 2022 and 2023 : 49,803,000		49,803	49,803
Shares authorize and outstanding at December 31, 2024 : 109,803,144	109,803		
Additional paid-in capital	33,704,254	23,212,624	22,715,217
Retainer earnings.			
Accumulate other comprehensive income	-	3,988,000	3,988,000
Income	494,407		0
Retainer deficit	(23,839,234)	(23,341,827)	(22,847,504)
<b>Total stockholders' equity (deficit)</b>	<b>10,469,230</b>	<b>3,908,600</b>	<b>3,905,516</b>
<b>Total Liabilities and Stockholders' Equity /(Deficit)</b>	<b>\$ 10,934,157</b>	<b>\$ 3,989,050</b>	<b>\$ 3,990,000</b>

<b>P&amp;L</b>	<b>HEC&amp;TINA December 31, 2024</b>	<b>HEC December 31, 2023</b>	<b>HEC December 31, 2022</b>
Sales	-		
Cost of Goods Sold	-		
<b>Gross Profit (Loss)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Operating Expenses</b>			
Personnel and salary expenses	(41,000)		
Other operating Expenses	(122,161)		
Other results	(4,292)		
Financials expenses	(9,033)		
Depretiation and Amortization			
<b>Total Operating expenses</b>	<b>(176,486)</b>	-	-
<b>Lost from operations</b>	<b>\$ (176,486)</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Other income</b>			
Grant (Completed)	758,141		
	<b>758,141</b>		
<b>Earnings before income Taxes</b>	<b>581,655</b>	-	-
<b>Net Earnings (loss)</b>	<b>\$ 494,407</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Basic and diuluted earning (loss) per share</b>	<b>0.005</b>	-	-

**HYDROGEN ENERGY CENTER, INC. AND SUBSIDIARIES**  
Consolidated Statements of Changes in Stockholders' Equity (Deficit)

	December 31, 2024				
	Common Stock	Additional Paid in Capital	Accumulated other Comprehensive Income	Retained Deficit	Total Stockholders Equity (deficit)
<b>Balance as of December 31, 2022</b>	\$ 49,803	\$ 22,715,217	\$ -	\$ (22,847,504)	\$ 3,990,000
Net income (loss)	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
<b>Balance as of December 31, 2023</b>	<b>\$ 49,803</b>	<b>\$ 23,212,624</b>	<b>\$ -</b>	<b>\$ (23,341,827)</b>	<b>\$ 3,989,050</b>
Net income (loss)	-	-	-	-	-
New stock issued	\$ 60,000	\$ 5,940,000	-	-	\$ 6,945,107
Other comprehensive income	-	-	-	-	-
Net earnings	-	-	-	497,407	-
<b>Balance as of December 31, 2024</b>	<b>\$ 109,803</b>	<b>\$ 29,152,624</b>	<b>\$ -</b>	<b>\$ (23,839,234)</b>	<b>\$ 10,934,157</b>

CASH FLOWS	HEC&TINA December 31, 2024	HEC December 31, 2023	HEC December 31, 2022
<b>Cash flow from Operating Activities</b>			
Net Income	494,407	-	-
Change in Deferred Income Taxes Assets	(36,887)	-	-
Depreciation and amortization			
Interest income			
Inventory			
Prepaid expenses			
Operating expenses		-	-
Accounts payable	16,636	(1,050)	-
Accrued liabilities (long term debt)			
Accrued interest			
<b>Net cash used in operating activities</b>	<b>\$ 474,156</b>	<b>\$ (1,050)</b>	<b>\$ 0</b>
<b>Cash Flow from Investing Activities</b>			
Investing in Property and Equipment	-	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Cash Flow from financing activities</b>			
Increase in Long-term debt	236,875		
Increase debt with financial institutions	47,766		
<b>Net cash provided by (used in) financing activities</b>	<b>\$ 284,641</b>	<b>\$ 0</b>	<b>\$ 0</b>
Cash Beginning of Period	1,050	2,100	2,100
<b>Cash and Cash Equivalents – End of Period</b>	<b>\$ 759,847</b>	<b>\$ 1,050</b>	<b>\$ 2,100</b>

### Notice to reader

Principles of Consolidation - The consolidated financial statements include the accounts of Hydrogen Engine Center, Inc. and Tina Energy Systems S.L. ("The Company") under ASC 810 (VIM). All significant intercompany balances and transactions have been eliminated in the consolidation

Our financial statements for the December 31, 2024, annual report have been prepared under accounting principles generally accepted in the United States. Preparing these financial statements requires us to make estimates and judgments that affect the reported amounts of our assets, liabilities, revenues, expenses, charges taken by us, and related disclosure. Such estimates and judgments include the carrying value of our property, equipment, and intangible assets, revenue recognition, and the value of liabilities. We base our estimates and judgments on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. However, these estimates and judgments, or the underlying assumptions, may change over time, requiring us to restate some of our previously reported financial information.

The unaudited consolidated financial statements of Hydrogen Engine Center, Inc. (Nevada) ("HEC") (the "Company") have been prepared by persons with sufficient financial skills according to US GAAP. The financial statements of TINA under International Financial Reporting Standards (IFRS) have been deposited in the HEC OTC report section.

The unaudited December 31, 2024, Balance Sheet and Stockholders statement constitute the company's financial balance sheet.

In 2024, HEC purchased 3,135,411 shares of Spanish company TINA ENERGY SYSTEMS S.L from MONTE, ACEDOS (Monte), representing 51.00% of TINA stock. HEC has paid the shares to Monte with the issue of sixty million (60,000,000) common Shares of HEC, certificate n° 1500 at US\$ Cero point Ten (\$0.017) per Share, and components and equipment related to hydrogen technology, which has been stored since 2021 in the old HEC facilities evaluated at \$4,038,000.

HEC has proceeded to commission its subsidiary TINA ENERGY SYSTEMS S.L. to audit its accounts with Trujillano Gil Y Asociados Auditores S.L. (TGA). Auditors' reports with the TINA Balance Sheet are attached to this yearly report. TGA ([www.tauditores.com](http://www.tauditores.com)) Is an auditing company registered with ROAC of the "Institute of Accounting and Audit of Accounts of the Ministry of Economy" of the Kingdom of Spain. ([www.icac.gob.es](http://www.icac.gob.es))

The HEC's BOD plans 2025 are set to reactivate industrial and commercial activities in the US with state-of-the-art new industrial facilities. The industrial and commercial inactivity of Hydrogen Engine Center Inc. has been considered in the accounts on the 2024 reports and reflected in the consolidated balance sheet all the liabilities that HEC maintains with several suppliers at the end of 2023, which have been recently consulted with them and adjusted in the balance.

HEC maintains its domicile and facilities at 6770 Snapps Ferry Road, Afton, TN 37616. Phone (423) 470-3425 Email: [contact@hecwo.com](mailto:contact@hecwo.com) but without industrial and commercial activity and, therefore, without salaried staff. However, in a display of unwavering commitment, the BOD is currently managing the Company without remuneration and covering the running fees,

The HEC's BOD plans 2025 are to reactivate industrial and commercial activities in the US with state-of-the-art new industrial facilities.

Besides the availability of grants and equity financing of our subsidiary TINA and the implementation of the Sabah electrification program, our ability to restart activities in the USA will depend upon the availability of funding and our ability to sell and manufacture our products, improved operating margins, and our ability to meet our after-sale service, and commitments with customers profitably. Management plans to explore various opportunities to obtain additional capital through a private placement with "SAFE Notes" or "Senior Convertible Securities".

There is no assurance that we will be able to raise the necessary capital or that the capital, if available, will be available on terms that will be acceptable to us. If the funds are not available or are not available on acceptable terms, our ability to restart USA operations, take advantage of opportunities for our developed products and technologies, and otherwise respond to competitive pressures could be significantly delayed or limited,

**Inherent Limitations Over Internal Controls** Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes by generally accepted accounting principles. Our internal control 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 disposition of our assets.
- (ii) Provide reasonable assurance that transactions are recorded as necessary to

permit preparation of financial statements by generally accepted accounting principles and that our receipts and expenditures are being made only by authorizations of our management and directors; and

- (iii) Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Management, including our President and Chief Financial Officer, do not expect our internal controls to prevent or detect all errors and fraud. No matter how well designed and operated, a control system can provide only reasonable, not absolute, assurance that the control system's objectives are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any review of the effectiveness of controls in future periods is subject to the risk that those internal controls may become inadequate because of changes in business conditions or that the degree of compliance with the policies or procedures may deteriorate.

We are responsible for establishing and maintaining adequate internal control over financial reporting and assessing the effectiveness of those internal controls. As defined by the SEC, internal control over financial reporting is a process designed by or under the supervision of our principal executive officer and principal financial officer and effected by our Board of Directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements by U.S. generally accepted accounting principles.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting.

**Use of Estimates** - In preparing consolidated financial statements, management must make estimates and assumptions that affect the reported amounts of assets and liabilities as of the statement of condition dates, revenues, and expenses for the periods shown. Actual results could differ from the estimates and assumptions used in the consolidated financial statements.

**Earnings (loss) per common share** have been computed by dividing net earnings (loss) by the weighted average number of shares of common stock outstanding. Diluted earnings (loss) per common share, including the effect of vested stock options, have yet to be presented since the vested shares would be anti-dilutive when the Company generates a loss. Earnings (loss) per common share are shown on the consolidated earnings statements (loss).

**Revenue and Expense Recognition**—The “Company” recognizes revenues and expenses by the accrual method of accounting for financial and income tax reporting purposes. Customer deposits are reflected in the balance sheet for custom-manufactured items, and manufacturing costs are included in the work-in-process inventory. Once the item is completed and shipped, the income statement recognizes revenue and associated costs.

**Cash and Cash Equivalents**—For the consolidated statement of cash flows, the company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At the consolidated balance sheet date, the company had no cash equivalents.

Inventory consists mainly of parts, components, and work in progress on fully equipped modular units, MPM engines, and generator sets. Capitalized costs associated with work in Progress inventory include parts and components used, direct labor, and outside services. Due to the minimal production work, the Company should have capitalized fixed production overhead items into work in progress. Inventory is recorded at the lower cost or market under the first-in, first-out (FIFO) method.

**Property and Equipment** – Property and equipment are recorded at cost less accumulated depreciation. The Company has a capitalization policy that requires capitalization of items costing \$2,000 or greater and an estimated useful life of three years or more. Items that do not meet that criteria are expensed. Depreciation for financial reporting purposes is computed using the straight-line method, and tax reporting purposes are computed using straight-line and accelerated methods. Repairs and maintenance costs are expensed unless the repair significantly extends the useful life of the related asset. In such cases, the repair cost will be capitalized and depreciated over the extended useful life.

Estimated valuable lives by category are as follows:

Building	39-40 years
Building renovations	39 -40 years
Leasehold improvements Vehicles	5 years

**Accounts Receivable** – Payment terms on accounts receivable are ordinarily net ten days from the invoice. The Company performs credit evaluations on customers and typically does not require collateral from its customers. Advanced deposits for custom projects may be required depending on the customer. An allowance for doubtful accounts is based on analyzing aged accounts receivable for current collectability and historical trends. Management periodically reviews this allowance, and adjustments are made as necessary. Accounts deemed uncollectible are charged against the allowance when that determination is made. The Company has no accounts receivable as of June 31, 2024, and has not established an allowance for doubtful accounts.

**Income TAX** - Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of property and equipment, inventories, investments, intangibles, and deferred compensation for financial and income tax reporting.

The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses available to offset future taxable income, and tax credits are available to offset future federal income taxes.

The consolidated earnings statement presents current and deferred income taxes. They are based on actual income or loss generated by those entities and the temporary timing differences that are unique to each. By current accounting standards, tax years 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, and 2018 are open for examination by Federal and state taxing authorities.

The net operating losses expire in various years through 2037. In assessing the realizability of deferred tax assets, management considers whether it is more likely that some portion or all of them will not be realized. The ultimate realization of deferred tax assets depends upon the

generation of future taxable income during the periods when these temporary differences become deductible.

Due to continuing operating losses, no current provision for income taxes is recorded in the financial statements. The components of the net deferred tax asset are summarized as follows:

The Company has cumulative Federal net operating loss carryforwards of approximately \$15,400,000 as of December 30, 2019, which is used to offset future taxable income. Federal net operating losses may be carried forward twenty years from the year they were incurred. Unused losses expire after the carryforward period. The Company's net operating losses on December 31, 2017 and 2016 expire from 2023 through 2038. The Company has a Federal general business credit carryforward of \$178,154. Internal Revenue Code allows the unused portion of the credit to be carried forward for twenty years. This credit will begin expiring in 2025.

Based on available evidence, the Company's management believes that it is more likely than not that the Company will not realize the benefit of its net deferred tax assets.

**Fair Value Disclosures** – Fair value is the exchange price that would be received for an asset or paid to transfer a liability in the most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Generally accepted accounting principles in the United States of America ("GAAP") establish a hierarchy requiring an entity to maximize observable inputs and minimize using unobservable inputs when measuring fair value. Three levels of input may be used to measure fair value as follows:

**Level 1** - Quoted prices in active markets for identical assets or liabilities.

**Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets,** or other observable inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3: Unobservable inputs that are supported by little or no market activity and that significantly affect** the fair value of the assets or liabilities.

Due to their short-term nature, the carrying value of the Company's accounts receivables, inventory, accounts payable, accrued liabilities, and notes payable approximates fair value. If recalculated based on current interest rates, the fair value of the Company's borrowings would not significantly differ from the recorded amounts. All other financial instruments are based upon Level 3 inputs, representing management's fair value assumptions. The Company has no other assets or liabilities that it chooses or must be reported at fair value.

**Research and Development Costs** – The Company incurs costs associated with research and development activities related to the design and building of hydrogen fuel engines, PEM electrolyzer, and Mini plant of ammonia. Research and development costs are expensed in the period they are incurred. Research and development expenses included in the consolidated statements of earnings (loss)

**Risks and uncertainties** The following discussion and analysis should be read in conjunction with the other financial information, consolidated financial statements, and related notes in this quarterly form. This discussion contains forward-looking statements that involve risks and uncertainties.

Since inception, we have incurred substantial operating losses and expect additional losses. We have financed operations since inception primarily through equity financings. We anticipate our expenses will increase significantly once we obtain sufficient capital to expand our operations.

We are a development-stage enterprise, and as such, our continued existence depends on our ability to resolve our liquidity problems, principally by obtaining additional debt or equity financing. We have yet to generate a positive internal cash flow, and until meaningful sales of our products begin, we are dependent upon debt and equity funding.

We intend to pursue sales of our turnkey technical devices aggressively. We believe we are ideally positioned to take advantage of the tremendous growth projected for local power systems and reduce greenhouse gas emissions.

Management believes that the actions presently being taken to implement its business plan further and generate revenues allow the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate revenues and its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to implement its business plan further and generate revenues. The financial statements do not include any adjustments that might be necessary if the Company cannot continue.

The Company is subject to risks from, among other things, competition associated with the industry in general, other risks associated with financing, liquidity requirements, rapidly changing customer requirements and technologies, and limited operating history. Although several companies are developing and marketing Electrolyzers and hydrogen engines, we have yet to be aware at this date of any significant production of our type of technology this date. Most competitors are targeting larger hydrogen generation systems and are powering them with utility power. Hydrogen filling stations are an example of this. This is a different customer requirement than the distributed energy system we are pursuing.

Other competitors and potential competitors involved in the manufacture of Electrolyzers mainly include Plug Power/Giner, Hydrogenics, ITM-Power, and NEL/Proton, Ballard, SFC Energy, Power Cell Advent Technologies.

Fuel cells may be perceived to be competition to our Gensets equipped with ICE fueled by Hydrogen, but we believe they are at a later time. Also, fuel cells are more expensive than the hydrogen internal combustion engines.

Many existing and potential competitors have more significant financial resources, market share, and production and technology research capability, which may enable them to establish a stronger competitive position than we have, in part through more excellent marketing opportunities. However, our lead in technology is an asset in that it will take a significant investment in time and money to duplicate what we have already achieved.

There can be no assurance that potential competitors of the Company, which may have more significant financial, research and development, sales and marketing, and personnel resources than the Company, are not currently developing or will not in the future develop products and processes that are equally or more effective and economical as the products produced by the Company or which would otherwise render the Company's products obsolete.

The Company may be forced to change the nature of its business due to competitive factors. Given

the potential of hydrogen-derived energy in general, the market is anticipated to become increasingly competitive over the coming years. While it is always possible that the above events will take place, it is also doubtful because of the uniqueness of HEC's state-of-the-art and its advantages.

HEC solutions are targeted at lowering costs and increasing competitiveness, and these are objectives that, in difficult times, can be delayed but not eliminated.

The Company's business may be affected by the general risks associated with all companies in the energy industry. The prices received for the Company's goods and products depend on numerous factors, many of which are beyond its control and the exact effect of which cannot be accurately predicted. Such factors include general economic and political activities, including the extent of government regulation and taxation.

The Company believes its future success will significantly depend on the expertise and continued services of key executives and technical personnel. The Company cannot guarantee the retention of such key executives and technical personnel. As a result, the Company's business, its results of operations, and its financial condition may be adversely affected.

The Company's ability to implement its business strategy may be adversely affected by factors the Company cannot currently foresee, such as unanticipated costs and expenses, interruptions to or production delays, and reduced demand for its products and technology. These factors may necessitate changes to the business strategy described in this document.

The company needs to strengthen its capacity to deliver systems. Furthermore, it must be able to continue to invest in R&D. Should such funds not be available for an extended period, HEC will be weakened but will still be able to reach profitability but at a slower rate.

The Company faces several industrial risks, such as a dispute with its workforce and dependence on key suppliers, which may lead to a deterioration in financial performance. Like any hi-tech Company that relies on technology for its competitive advantage, the Company is potentially vulnerable to intellectual property (IP) theft. However, in our case, its nature is extraordinary and does not reside in one person's knowledge.

While the Company believes that there continue to be viable markets for its products, there can be no assurance that they will be more successful than competing products. If the Company's products do not gain market acceptance, additional marketing and development expenditures may be required to make them commercially viable.

The Company intends to continue to expand internationally, so its results could be affected significantly by currency fluctuations. Other risks from international business activities include complying with regulatory requirements and standards, tariffs and other trade barriers, reliance on third parties to distribute products, and potentially adverse tax consequences.

There can be no guarantee that orders will be received for the Company's products in the anticipated volumes or within the time frames envisioned by the Company. The placing of orders for the Company's products could be materially delayed by circumstances such as customer evaluations or integration of the Company's products taking longer than anticipated. The Company must also ensure that production capacity is always sufficient to match the level of orders. Failure to do so could lead to the financial impact of inefficient production, missed sales opportunities, and late delivery to customers.

## **Principal Suppliers**

We outsource manufactured parts and bring them into our production facility as components ready for the assembly line. We then assemble all components to produce our products.

We purchase parts for our Electrolyzers, engines, and gensets from several industrial suppliers. The parts are sourced from destinations located all over the world. The parts are tested for quality, assembled into our MPM, and tested at our facilities.

There are risks and uncertainties concerning the supply of certain parts that could impact the availability of sufficient quantities to meet our needs. If, for any reason, a manufacturer is unable or refuses to manufacture our parts, our business, financial condition, and results of operations would be materially and adversely affected.

#### **Dependence on One or Few Major Customers**

We do not anticipate dependence on one or a few significant customers now.

#### **Intellectual Property and Patent Protection**

Hydrogen Engine Center is built on the vision of carbon-free energy independence through developing and commercializing clean solutions for today's energy needs. We have been working to expand our intellectual property portfolio and developing technologies to allow the use of clean power where needed.

Our developing technologies can potentially revolutionize our world by removing the political and environmental problems generated by our ever-increasing appetite for energy sources.

We have several potential patents in the development stage. These patents relate to hydrogen and ammonia production, energy efficiency, and using hydrogen, ammonia, and other alternative fuels to produce cleaner energy. We also rely on trade secrets, common law trademark rights, and registrations. We intend to protect our intellectual property via non-disclosure agreements, license agreements, and limited information distribution.

#### **Cost of Compliance with Environmental Laws**

We outsource all manufactured parts and bring them into our production facility as components ready for the assembly line. We then assemble all components to produce our products. The assembly process uses no hazardous materials and does not create any hazardous waste.

We have written our procedures to meet or current environmental and fire code laws. Any changes in the laws at the state or federal level could require us to modify our procedures to comply with future environmental regulations.

#### **Employees**

We had seven employees; four were full-time, and three were outsourcing technical assistants. Our employees are not union members and have not entered collective bargaining agreements. We believe that our relationship with our employees is good.

#### **Additional financing is required to proceed with our anticipated business activities.**

If adequate funds are not available or available on acceptable terms, our ability to fund our operations,

take advantage of opportunities, develop products and technologies, and respond to competitive pressures could be significantly delayed or limited, and we may need to downsize or halt our operations. If we cannot obtain the required financing in a timely fashion, our ability to achieve profitability will be materially impaired.

**We have a limited operating history and have yet to record an operating profit since our inception.**

The potential for us to generate profits depends on many factors, including the following:

- Timely receipt of required financing beyond our initial expectations;
- Successful pursuit of our research and development efforts;
- Protection of our intellectual property;
- Quality and reliability of our products.
- Size and timing of future customer orders, milestone achievement, product delivery, and customer acceptance.
- Success in maintaining and enhancing existing strategic relationships and developing new ones with potential customers.
- Actions taken by competitors, including suppliers of traditional engines, hydrogen fuel cells, new product introductions, and pricing changes.
- Reliability of our suppliers,

**We cannot assure that we will succeed in any of the foregoing factors or realize profitability immediately or at any time.**

Our future success depends in part on our ability to retain key employees. We currently do not carry "key man" insurance on our executives; however, we are considering the purchase of such insurance. It would be difficult for us to replace any one of these individuals. In addition, as we grow, we will need to hire additional key personnel.

**Our products may contain design faults.**

Though we believe it unlikely, the technologies we have developed and are developing and the products we produce in our new facility could contain undetected design faults despite our careful design and testing. We may only discover these faults or errors after our customers have used a product. Any such faults or mistakes may cause delays in product introduction and shipments, require design modifications, or harm customer relationships, adversely affecting our business and competitive position. We understand that customer service is an integral part of our mission, and we are poised to address any issues that may arise. If we cannot address all such matters successfully, our operation results could be materially and adversely affected.

**The acceptance of hydrogen as an alternative fuel will affect our ability to commercialize our products and technologies.**

Hydrogen could be as safe as any other fuel with proper precaution. The development of a market for our technologies may be impacted by many factors, including:

- Consumer perception of the safety of hydrogen

- Adverse regulatory developments, including adopting onerous regulations regarding hydrogen use or storage.
- Barriers to entry created by existing energy providers and
- The emergence of new competitive technologies and products.

**Specific government regulations concerning electrical and hydrogen generation, delivery and storage of fuels, and other related matters may negatively impact our business.**

Our business is subject to and affected by federal, state, local, and foreign laws and regulations. These may include state and local ordinances relating to public safety, electrical and hydrogen production, delivery, storage, and related matters. We do not know how much such regulations may impact our business or our customers' businesses. Any new regulation may increase costs and reduce our potential to be profitable.

**We carry a reasonable amount of insurance. However, there can be no assurance that our existing insurance coverage would be adequate in terms of scope to protect us against material financial effects in the event of a successful claim.**

We could be subject to claims concerning the products we sell. There can be no assurance that we would have sufficient resources to satisfy any liability resulting from any such claim or that we would be able to have our customers indemnify or insure us against any such liability. We need to be more assured that our insurance coverage would be adequate in terms and scope to protect us against material financial effects in the event of a successful claim.

**Suppose we fail to keep up with changes affecting our technology and the markets we will ultimately serve. In that case, we will become less competitive, and future financial performance will be adversely affected.**

To remain competitive and serve our potential customers effectively, we must respond on a timely and cost-efficient basis to the need for new technology, technological changes, industry standards and procedures, and customer preferences. We must continuously develop new technology, products, and services to address new technological developments. In some cases, changes may be significant, and the cost of implementation may be substantial. We cannot assure you that we will be able to adapt to any changes in the future or that we will have the financial resources to keep up with changes in the marketplace. Also, the cost of adapting our technology, products, and services may have a material and adverse effect on our operating results.

**We do not anticipate paying dividends in the foreseeable future. This could make our stock less attractive to potential investors.**

Any future payment of cash dividends will be at the discretion of our board of directors after considering many factors, including our operating results, financial condition, and capital requirements. Corporations that pay dividends may be viewed as better investments than corporations that do not.

**Authorizing and issuing blank-check preferred stock may prevent or discourage a change in our management.**

No shares of Preferred Stock are presently outstanding.

**It may be difficult for a third party to acquire us, which could depress our stock price.**

Nevada corporate law includes provisions that could delay, defer, or prevent a change in control of our company or management. These provisions could discourage information contests and make it more difficult for stockholders to elect directors and take other corporate actions. As a result, these provisions could limit the price investors are willing to pay for shares of our common stock. For example:

- Without prior stockholder approval, the board of directors has the authority to issue one or more classes of preferred stock with rights senior to those of common stock and to determine the preferred stock's rights, privileges, and preferences.
- There is no cumulative voting in the election of directors, and
- Stockholders cannot call a special meeting of stockholders.

**Contingencies**

If the assessment of a contingency indicates a material loss has probably been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of potential loss if determinable and material, would be disclosed. Loss contingencies considered remote by management are generally not disclosed unless they involve guarantees, in which case the guarantee would be disclosed.

**Going concern**

Since our formation, we have yet to achieve profitability in any year. As of December 31, 2024, we had an accumulated deficit of approximately \$24.4 million. We anticipate continuing to incur losses until we can produce and sell our products large-scale and cost-effectively. Our losses resulted from costs incurred in connection with our research and development expenses and general and administrative costs associated with our operations. We cannot guarantee when we will operate profitably.

To achieve profitability, among other factors, management must successfully execute our planned path to profitability. Suppose we are unable to take these steps successfully. In that case, we may never operate profitably, and even if we do achieve profitability, we may be unable to sustain or increase our profitability. If we cannot secure additional capital, we may be required to seek strategic alternatives, including but not limited to a potential business combination or a sale of our company or our business, or reduce and cease our operations.

Conditions that raise substantial doubt about our ability to continue as a going concern due to our recurring losses from operations and significant decline in our working capital. A "going concern" opinion could impair our ability to finance our operations by selling equity, incurring debt, or other financing alternatives. Our ability to continue as a going concern will depend upon the availability and terms of future funding, our ability to sell and manufacture products, improved operating margins, and our ability to profitably meet our after-sale service and customer commitments. If we cannot achieve these goals, our business will be jeopardized, and the Company may be unable to continue. If we ceased operations, all our investors would likely lose their investment. We must obtain the required financing in a timely fashion to ensure our ability to achieve profitability is maintained.

In the ordinary course of business, the Company can be subject to various claims and litigation arising out of patent disputes and various other claims. Because litigation is subject to many uncertainties and the outcome of individual litigated matters is not predictable with assurance, some legal actions and claims could be filed and decided as unfavorable to the Company. Although the ultimate liabilities concerning such issues cannot be ascertained, management believes any resulting liability should not materially affect the Company's financial position.

#### **10) Issuer Certification**

##### **I, Pedro Blach, certify that:**

1. I have reviewed this Disclosure Statement for Hydrogen Engine Center Inc
2. Based on my knowledge, this disclosure statement 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 concerning the period covered by this disclosure statement; and
3. To my knowledge, the financial statements and other financial information included or incorporated by reference in this disclosure statement reasonably present in all material respects the issuer's financial condition, results of operations, and cash flows as of and for the periods presented in this disclosure statement.

January 06, 2025

  
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Pedro Blach  
President & CEO

##### **I, José Ramon Barañano certify that:**

1. I have reviewed this Disclosure Statement for Hydrogen Engine Center Inc.
2. Based on my knowledge, this disclosure statement 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 concerning the period covered by this disclosure statement; and
3. To my knowledge, the financial statements and other financial information included or incorporated by reference in this disclosure statement reasonably present the issuer's financial condition, results of operations, and cash flows as of and for the periods presented in this disclosure statement.

January 06, 2025

  
\_\_\_\_\_  
Jose Ramon Barañano  
CF