

# **HYDROGEN ENGINE CENTER, INC.**

## **(Nevada)**

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**10-Q**

**QUARTERLY REPORT**

**FOR THE SECOND QUARTER ENDED JUNE 30, 2024**

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

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

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

**DATED: July 03, 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.

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was :

As of December 31, 2023, **50,580,000**

As of June 30, 2024, **111,015,529**

### **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**

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

**Barter Investment** Purchase of majority stock (50,05%) of TINA ENERGY SYSTEMS S.L. HEC has bought 1,504,000 shares of TINA ENERGY SYSTEMS S.L. (TINA), corresponding to the 50,05% stock of TINA, which has been paid with the issue of sixty million (60,000,000) common Shares of HEC at the value of US\$ Cero Point Ten (\$0.10) per Share.

Address of the issuer's principal executive office:

### Company Headquarters

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

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>111,015,529</b>
Total number of shareholders of record:	as of June 31, 2024, <b>210</b>

#### Security Description:

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>Dec 31,2022 and Dec 31, 2023</u> Common: <u>51,015,529</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.
June 10,2024	New Issuance	60,000,000	Common	<u>\$0.10</u>	NO	MONTE ACEDOS S.L. C. Martinez	Purchase of TINA Shares	Restricted	NONE
<b>Shares Outstanding on Date of This Report: June30, 2024</b> <u>Ending Balance:</u> Common: <b>111,015,529</b>									

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 not 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), 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. Under the 2015 Stock-Based Benefit Plan, a maximum of 8,000,000 shares may be issued by exercising stock 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.

Based on market data, the Company will determine the fair value of stock options at the grant date using the Black-Scholes option- pricing model. The expected dividend yield of 0.0% and expected volatility ranges from 80.34% - 223.06% should be used to model the values. The risk-free rate of return ranges from 0.17% to 1.98%, based on the yield of a U.S. Treasury note for ten years. The expected life of the stock options ranges from 5.50 - 6.50 years, depending upon the vesting period.

On June 30, 2024, the Company had no outstanding 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	\$83,333	\$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 the development and commercialization of 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, without incentives, 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.

Vilage 16 Househols 3 kWh/day Generated kWh 25 years 438.000	Comparison kWh LOCE 24/7/365		PV-Lead Acid Batteries		MPMGE	
	Diesel&Genset Unsubsidized diesel	Diesel&Genset Subsidized Diesel	PV+Batteries	Constructions		
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 L RPM	\$10.000
<b>CAPEX</b>	<b>\$48.300</b>	<b>\$48.300</b>	<b>CAPEX</b>	<b>\$189.000</b>	H2 Storage Tanks	\$6.000
					Transport commison , 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>
25 years kWh LCOE	\$2,94	\$1,56		\$1,39		\$0,49
<b>Total cost kWh 25 years</b>	<b>\$1.288.350</b>	<b>\$685.136</b>		<b>\$609.000</b>		<b>\$214.000</b>
Healt/Environemental 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 "INNORISE 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](#)). The first MPMGE delivery is scheduled before the end of 2024.

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.

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 60 million within five years.

The first MPMGE as a DEMO unit is scheduled to be deployed before the end of the year in the selected Government site "Danum Valley Conservation Area" <https://g.co/kgs/5ek2zup>

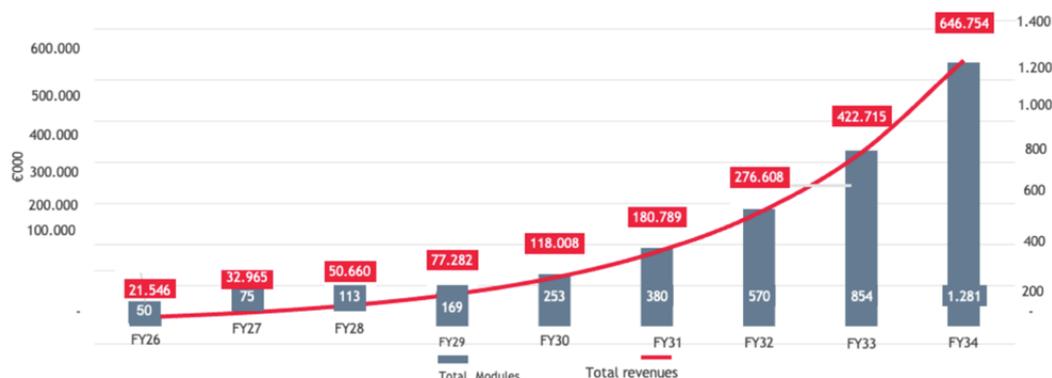
HEC-TINA -TECNALIA will deploy its Containerized Multipurpose Modules in the villages to produce on-site cost-effective Green electric 24/7/365 at a lower kWh LCOE than the present pollutant alternatives by Power Hybrid Systems.( PV/Diesel - PV/Batteries - PV/ Batteries /Diesel)

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 MPMGH<sub>2</sub> and MPMGNH<sub>3</sub> 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.

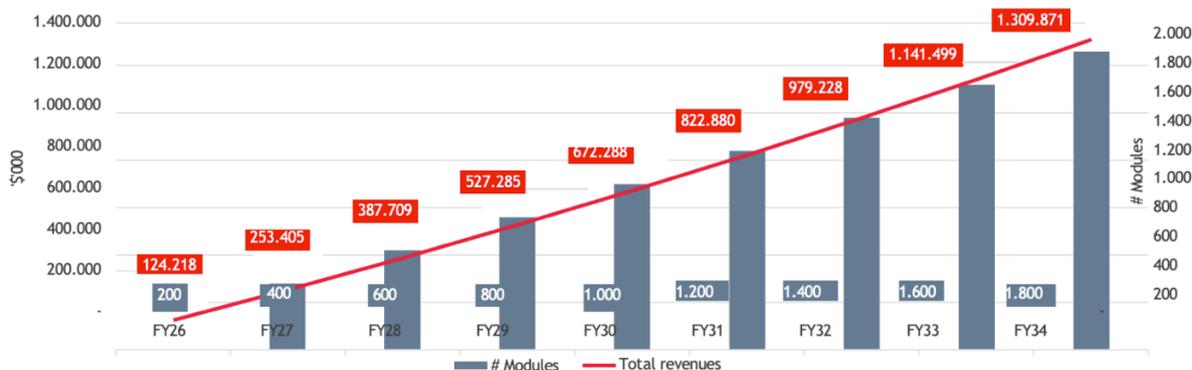
There are approximately 1,8 million farmers in the USA, with land farms of roughly 442 acres (mean). HEC will initially focus on certain U.S. states, such as California, Texas, Oklahoma, Nevada, etc., as the daily hours of solar irradiation are higher than in other states. Hydrogen production through MPMGH<sub>2</sub> will be 100% green through dedicated P.V. 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

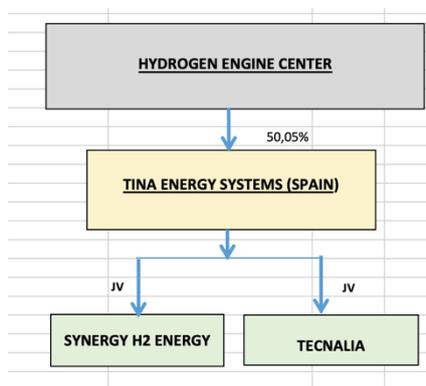
\$'000	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
# Modules	200	400	600	800	1.000	1.200	1.400	1.600	1.800
Prices (\$'000)	603	615	627	640	653	666	679	693	707
<b>Revenues from Modules</b>	<b>120.600</b>	<b>246.024</b>	<b>376.417</b>	<b>511.927</b>	<b>652.707</b>	<b>798.913</b>	<b>950.706</b>	<b>1.108.252</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>

Revenues HEC (FY26-FY34)



### HEC List subsidiaries and affiliated companies.

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



TINA is a private Spain-based company incorporated in 2012 as a spin-off between DCFF 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** to fulfill the extensive legal and financial regulations requested by the E.U. to access the hydrogen program grants.

Entity and project Subject	Project Budget	Granted Requested	Status Dec 2023
MITECO&IDAE NextGen EU Industrial Facilities for PEM Electrolyzers manufacture	9.046.341€	1.782.902€	Granted Dec/2022
MITECO&IDAE NextGen EU New ICE fueled by Hydrogen + Oxygen + Argon	1.278.325€	575.264€	Granted January/2023
EU HORIZON EIC ACCELERATOR Mini Green NH3 Plant	2,481,847€	2.481.847€	Phase 1 Approved Phase 2 submitted 2024 Expected final resolution Before August 15, 2024
EU TRANSITION HORIZON EUROPE H2 Electrochemical Compressor	1.320.000€	1.320.000€	In Process
EU TRANSITION HORIZON EUROPE Plasma device for treatment of PEM Stack Plates	1.130.000€	1.130.000€	In Process
<b>Total</b>	<b>15.256.513€</b>	<b>7.650.013€</b>	

TINA has submitted applications for constructing a Mini NH3 plant, H2 electrochemical compressor, and Plasma device for stack plates treatment, totaling grants of 5,5M€.

## 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 NH3 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). We are presently in the way of selecting new HEC locations to deploy 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 (e.g. Officer Title /Director/Owner of 5% or more)	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 Ace	Shareholder	Madrid	60,000,000	Common	54,04%	Clo. Martinez M. Acedos
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:	Economist
Relationship to Issuer:	VP and 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.

**Pedrp 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.

Balance Sheet HEC&TINA	Six months ended	Three months ended	Year December 31,	Year December 31,
	June 30, 2024	March 31, 2024	2023	2022
	HEC & TINA	HEC & TINA	Only HEC	Only HEC
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	50,904	95,384	87,000	87,000
Restricted cash	24,812	112,184		
Accounts receivable	87,300	0	0	0
Intangible assets	2,720,180	2,760,820	10,000	10,000
GoodWil	4,519,124	4,496,918	0	0
Inventories	1,500	1,500	1,500	1,500
Prepaid expenses	237,086	222,606		
<b>Total current assets</b>	<b>7,640,906</b>	<b>7,689,412</b>	<b>98,500</b>	<b>98,500</b>
<b>Other assets</b>				
<b>Property, Plant and Equipment</b>				
Building	0	0	0	0
Equipment	208,113	211,234	0	0
Land and improvements	0	0	0	0
Less accumulated depreciation	-70,652	(80,994)	0	0
Net property and equipment	137,461	130,240	0	0
<b>Total Assets</b>	<b>7,778,367</b>	<b>7,819,652</b>	<b>98,500</b>	<b>98,500</b>
<b>Liabilities and Stockholders' Equity (Deficit)</b>				
<b>Current Liabilities</b>				
Accounts payable	311,545	243,064	6,050	6,050
Accounts payable and accrued expense	0	0	0	0
Accrued liabilities	0	0	0	0
Accrued interest	0	0		
Tennessee Unemployment tax	384	384	384	384
Tennessee Excise tax	3,800	3,800	3,800	3,800
Baker & Donelson	53,942	53,942	53,942	53,942
Craine, Thompson & Jones	5,900	5,900	5,900	5,900
David Brown Law	1,574	1,574	1,574	1,574
Rodefer Moss	12,034	12,034	12,034	12,034
<b>Total Current liabilities</b>	<b>389,179</b>	<b>320,698</b>	<b>83,684</b>	<b>83,684</b>
<b>Stockholders' Equity (Deficit)</b>				
Common Stock, \$0.001 par value 110,000,000 and 260,000,000 Shares authorized at Dec 2023, and at June 30, 2023, respectively and 50,580,000 and 110,058,000 shares issued and outstanding at June 30, 2024	110,058	110,058	50,580	50,580
Additional paid-in capital	28,669,528	28,669,528	22,669,528	22,669,528
Minority Interest				
Retained deficit	(20,612,040)	(20,639,236)	(22,537,924)	(22,537,924)
<b>Total stockholders' equity (Deficit)</b>	<b>7,778,367</b>	<b>7,819,652</b>	<b>98,500</b>	<b>98,500</b>

<b>Profit &amp; Loss</b>	<b>Six months ended June 30, 2024</b>	<b>Three months ended March 31, 2024</b>	<b>Year December 31, 2023</b>
<b>Sales</b>			<b>Only HEC no Operations</b>
<b>Cost of Goods Sold</b>	0,00	0,00	
<b>Gross Profit (Loss)</b>	0,00	0,00	0,00
<b>Operating Expenses</b>			
Sales and marketing	0,00	0,00	
General and administrative	0,00	0,00	
Research and development	-181.850,00	-21.539,42	
Occupancy expenses	0,00	0,00	
Operatimng expenses	0,00	0,00	
Depretiation and Amortization	-8.252,64	0,00	
<b>Total operating expenses</b>	<b>-190.102,64</b>	<b>-21.539,42</b>	<b>0,00</b>
<b>Lost from operation</b>	<b>-190.102,64</b>	<b>-21.539,42</b>	
<b>Other income ( expense)</b>			
Interest income	0,00	0,00	
Other income	575.246,63	0,00	
Total other income ( expenses)	0,00	0,00	0,00
<b>Loss before taxes</b>	<b>385.143,99</b>	<b>-21.539,42</b>	
Taxes	0,00	0,00	0,00
<b>Net Loss</b>	<b>385.143,99</b>		<b>0,00</b>
Minority Interest	-188.913,13	-21.539,42	0,00
<b>Net Loss Contrinution</b>	<b>196.230,86</b>	<b>10.565,08</b>	<b>0,00</b>
<b>Basic and diuluted net loss per share</b>	<b>7.317,73</b>	<b>-10.974,34</b>	

Cash Flow	Six months ended June 30,	Three months ended March 31,	December 31
	2024	2024	2023
	HEC Without Operation		
<b>Operating Activities</b>			
Net loss	-103.880,30	-21.539,42	0,00
Adjustments to reconcile net loss to net cash used in operations:			
Depreciation	0,00	0,00	0,00
Interest income	0,00	0,00	0,00
Loss on sale of assets	0,00	0,00	0,00
Change in assets and liabilities:			
Accounts receivable	-35.440,13	-17.937,09	0,00
Inventories	0,00	0,00	0,00
Prepaid expenses	0,00	0,00	0,00
Accounts payable	9.685,94	-47.412,26	0,00
Accrued expenses	0,00	0,00	0,00
Accrued interest	0,00	0,00	0,00
Deferred revenue	0,00	0,00	0,00
Unearned grants	0,00	0,00	0,00
<b>Net cash used in operating activities</b>	<b>-129.634,49</b>	<b>-87.412,26</b>	<b>0,00</b>
<b>Investing Activities</b>			
Purchases of property, plant, and equipment	-100.008,74	-101.508,40	
<b>Net cash provided by (used in) investing activities</b>	<b>-100.008,74</b>	<b>-101.508,40</b>	<b>0,00</b>
<b>Financing Activities</b>			
Net cash provided by (used in) financing activities	0,00	0,00	0,00
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>-229.643,23</b>	<b>-189.920,65</b>	<b>0,00</b>
<b>Cash and Cash Equivalents – Beginning of Period</b>	<b>280.548,00</b>	<b>284.755,00</b>	<b>0,00</b>
<b>Cash and Cash Equivalents – End of Period</b>	<b>50.904,77</b>	<b>95.834,00</b>	<b>0,00</b>

	Common Stock	Additional Paid in Capital	Accumulated other Comprehensive Income	Retained Deficit	Total Stockholders Deficit
Balance as of December 2022	50.580	\$ 22.669.528		\$ 22.615.556	\$ 98.500
Net loss				(21.539)	(21.539)
Other comprehensive income					
Balance as of December 2023	50.580	\$ 22.669.528		\$ 22.615.556	\$ 98.500
Net Loss				(21.539)	(21.539)
Other comprehensive income					
Sale of 60 Million shares	60.000				
<b>Balance as of June 30, 2024</b>	<b>110.580</b>	<b>\$ 28.669.528</b>		<b>\$ 20.612.040</b>	<b>\$ 7.778.367</b>

## Notice to reader

HEC and TINA are in conversations with the international company **BDO** ([www.bdo.com](http://www.bdo.com)), which has elaborated the HEC-TINA 2026 to 2034 BP, to hire his services to prepare the 2024 yearly 10-K with audited financials to be submitted to the **SEC**.

Our financial June 30, 2024, 10-Q statements have been prepared in accordance with 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.

**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 evaluation 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 quarterly report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting.

**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 consolidation. The accompanying consolidated unaudited balance sheet as of June 30, 2024, the consolidated statements of operations, and the consolidated statement of stockholders constitute the company's financial statements. Such financial statements are set forth above.

HEC has deposited the Balance Sheets of TINA on December 31, 2022, and Dec 31, 2022, in the OTCs.

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 June 30, 2024, Balance Sheet and Stockholders statement constitute the company's financial balance sheet and are set forth below.

**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.

The Company has been building hydrogen-fueled engines and PEM electrolyzers since 2003. In 2004, it added engine controls and combined these two technologies to build generator sets.

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 \$18,400,000 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)

### **Going concern**

Since our formation, we have not achieved profitability in any year. As of June 30, 2024, we had an accumulated deficit of approximately \$24.1 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.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit the use of existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the company's history. Based on this analysis, management believes that it is more likely than not that the company will be unable to utilize all its deferred tax assets. Therefore, a total valuation allowance against deferred tax assets has been set up.

Uncertain tax positions must be recorded by ASC 740 based on a two-step process in which management determines it is more likely than not that the tax positions will be sustained based on the technical merits of the position. Then, for tax positions that meet the more likely than not threshold, the company must recognize the most significant amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with tax authorities. Management has evaluated all tax positions and determined that no uncertain positions have been taken.

## **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
2. 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.

03 July 2024

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.

03 July 2024



CFO