

28 April 2022

Hydrogen Future Industries PLC

(“Hydrogen Future Industries” or the “Company”)

Interim Results for the Period Ended 31 January 2022

Hydrogen Future Industries (AQSE:HFI), a hydrogen focused investment company engaged in the development of proprietary wind and water-based hydrogen production systems, presents its interim results for the period ended 31 January 2022.

Highlights

- Shares admitted to trading on AQSE Stock Exchange (“AQSE”) Growth Market on 1 December 2021
- Raised gross proceeds of £2.23 million to pursue a strategy to identify investment opportunities within the Hydrogen Economy
- On 29 March 2022, announced the formation of a wholly owned subsidiary, HFI Energy Systems Limited (“HESL”), to develop proprietary wind and water-based hydrogen production systems, incorporating hydrogen compression and storage
- Timothy Blake appointed as Chief Executive Officer of HESL to lead this development
- Cash balance at period end of £1.9 million

Daniel Maling, Non-Executive Chairman, commented:

“The period saw Hydrogen Future Industries list on the AQSE Growth Market as a Special Purpose Acquisition Company with a strategy to identify investment and acquisition opportunities within the Hydrogen Economy. I am delighted to report that we are executing on this strategy and are now actively engaged in the development of proprietary wind and water-based hydrogen production systems. We expect 2022 to continue as an exciting year of news flow for Hydrogen Future Industries.”

Chairman’s Statement

I am pleased to present the unaudited interim results for the period to 31 January 2022.

The period saw Hydrogen Future Industries successfully raise £2.23 million and list on the AQSE Growth Market as a Special Purpose Acquisition Company. The Company’s strategy is to identify investment and acquisition opportunities within the Hydrogen Economy and I am delighted to report that we are executing on this strategy.

The Company listed on 1 December 2021 shortly after COP 26, as the global investment community was waking up to the potential of hydrogen and as the decarbonisation agenda continued to gather pace. The response to our strategy to invest in projects across the Hydrogen Economy showed itself to be overwhelmingly positive at the time of listing and the opportunity has only become more compelling with our first investment in the sector.

The Hydrogen Economy

The 'Hydrogen Economy' refers to a vision that the Company shares of using hydrogen as a clean, low-carbon energy resource to meet a portion of the world's energy needs. The potential of hydrogen is already being realised to replace traditional fossil fuels and form a substantial part of a global clean energy portfolio – particularly within transportation sectors - and the Hydrogen Council predicts the global hydrogen market will grow to US\$2.5 trillion by 2050, meeting 18% of global energy demand.

A limiting factor to the expansive growth of the Hydrogen Economy has been the high cost of production of green hydrogen, which refers to hydrogen produced entirely from renewable sources, and this is largely due to the cost of renewable energy generation. The cost of green hydrogen production currently sits at anywhere between US\$4 and US\$6 per kilogram and must be reduced to under US\$2 to meet global targets this decade.

Financial Review

For the period from incorporation on 13 July 2021 to 31 January 2022, the Company reported a net loss of £273,561, mostly relating to administrative expenses related to the listing on AQSE Growth Market and investment due diligence. The Company maintained a strong balance sheet position as at 31 January 2022, holding cash at the period end of £1,906,136.

Post-period events

HFI Energy Systems Limited

The Company established HFI Energy Systems Limited ("HESL"), to drive the strategy of bringing down the cost of green hydrogen production by developing proprietary wind and water-based hydrogen production systems, incorporating hydrogen compression and storage.

On 29 March 2022 Timothy Blake was appointed as Chief Executive Officer of HESL to lead the development of this green hydrogen technology opportunity. Mr Blake has considerable experience in the development of efficient turbine systems, an area in which he has specialised for the past 12 years and written multiple patents. The intention is for the Company, through HESL, to develop systems which reduce the generation costs of green hydrogen production significantly and can provide on-demand energy storage in the form of hydrogen at a fraction of the cost of lithium-ion battery storage in a variety of locations. Prior to working on the development of turbine systems, Mr Blake spent several years and built a niche and highly regarded network in the motorsport and transportation industries, working alongside companies that include Lexus/Toyota, General Motors, and Airbus.

Outlook

We expect 2022 to continue as an exciting year for Hydrogen Future Industries and look forward to updating shareholders and the market on our development progress.

Daniel Maling

Non-Executive Chairman

27 April 2022

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement.

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HYDROGEN FUTURE INDUSTRIES PLC – CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM INCORPORATION TO 31 JANUARY 2022

	Notes	Unaudited Period ended 31 January 2022 £
Continuing operations		
Administrative expenses		(273,561)
Operating loss		(273,561)
Finance income		-
Loss before taxation		(273,561)
Income tax	8	-
Loss for the period from continuing operations		(273,561)
Total loss for the year attributable to equity holders of the Company		-
Other comprehensive income		-
Total comprehensive loss attributable to equity holders of the Company		(273,561)
Basic & dilutive earnings per ordinary share (pence)	9	(2.29)

The notes form an integral part of the unaudited Condensed Interim Financial Statements.

HYDROGEN FUTURE INDUSTRIES PLC – CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2022

	Notes	Unaudited As at 31 January 2022 £
NON-CURRENT ASSETS		
Investments		114,495
TOTAL NON-CURRENT ASSETS		114,495
CURRENT ASSETS		
Cash and cash equivalents		1,906,136
Trade & other receivables		38,689
TOTAL CURRENT ASSETS		1,944,825
TOTAL ASSETS		2,059,320
CURRENT LIABILITIES		
Trade and other payables		52,287
TOTAL CURRENT LIABILITIES		52,287
TOTAL LIABILITIES		52,287
NET ASSETS		2,007,033
EQUITY		
Share capital	10	298,000
Share premium	10	1,972,500
Share based payment reserves	11	10,094
Retained earnings		(273,561)
TOTAL EQUITY		2,007,033

The notes form an integral part of the unaudited Condensed Interim Financial Statements.

HYDROGEN FUTURE INDUSTRIES PLC – CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM INCORPORATION TO 31 JANUARY 2022

	Share capital £	Share premium £	Share based payment reserve £	Retained earnings £	Total equity £
Loss for the period	-	-	-	(273,561)	(273,561)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(273,561)	(273,561)
Transactions with owners in own capacity					
Ordinary shares issued on incorporation	500	-	-	-	500
Ordinary shares issued in the period	297,500	2,007,000	-	-	2,304,500
Broker warrants	-	-	10,094	-	10,094
Share issue costs	-	(34,500)	-	-	(34,500)
Transactions with owners in own capacity	298,000	1,972,500	10,094	-	2,280,594
Balance as at 31 January 2022	298,000	1,972,500	10,094	(273,561)	2,007,033

HYDROGEN FUTURE INDUSTRIES PLC – CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASHFLOW
FOR THE PERIOD FROM INCORPORATION TO 31 JANUARY 2022

	Unaudited Period ended 31 January 2022 £
Cash flow from operating activities	
Loss before income tax	(273,561)
<i>Adjustments for</i>	
Share based payment	10,094
<i>Changes in working capital:</i>	
Increase in other receivables	(38,689)
Increase in trade payables	38,550
Increase in other payables	13,737
Net cash used in operating activities	(249,869)
Cashflows from investing activities	
Investment in LGT	(114,495)
Net cash used in investing activities	(114,495)
Cashflows from financing activities	
Proceeds from issue of ordinary shares	2,305,000
Share issue costs	(34,500)
Net cash flow from financing activities	2,270,500
Net increase in cash and cash equivalents	1,906,136
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	1,906,136

**HYDROGEN FUTURE INDUSTRIES PLC – CONDENSED INTERIM FINANCIAL STATEMENTS
NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE PERIOD FROM INCORPORATION TO 31 JANUARY 2022**

1 General information

The Company was incorporated on 13 July 2021 in England and Wales with Registered Number 13508782 under the Companies Act 2006.

The address of its registered office is Eccleston Yards, 25 Eccleston Place, London SW1W 9NF, United Kingdom.

The principal activity of the Company is to seek suitable investment opportunities in the natural resources sector with a particular focus on the hydrogen industry.

The Company commenced trading on the AQSE Growth Market on 1 December 2021.

2 Accounting policies

IAS 8 requires that the directors shall use their judgement in developing and applying accounting policies that result in information which is relevant to the economic decision-making needs of users, that are reliable, free from bias, prudent, complete and represent faithfully the financial position, financial performance and cash flows of the entity.

3 Basis of preparation

The unaudited Condensed Interim Financial Statements have been prepared in accordance with the requirements of the AQSE Rules and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the Companies Act 2006 applicable to companies reporting under UK-adopted international accounting standards (“IFRS”).

The unaudited Condensed Interim Financial Statements have been prepared in accordance with IAS 34 “*Interim Financial Statements*”. The unaudited Condensed Interim Financial Statements do not include all disclosures that would otherwise be required in a complete set of financial statements but have been prepared in accordance with the existing accounting policies of the Company.

The Condensed Interim Financial Statements for the period from incorporation to 31 January 2022 are unaudited.

The unaudited Condensed Interim Financial Statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense.

The unaudited Condensed Interim Financial Statements do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The unaudited Condensed Interim Financial Statements are presented in Great British Pounds Sterling (“£”) unless otherwise stated, which is the Company’s functional and presentational currency.

No comparative figures have been presented as the unaudited Condensed Interim Financial Statements cover the period from incorporation on 13 July 2021.

4 Going concern

The directors have made an assessment of the Company’s ability to continue as a going concern and are satisfied that the Company has the adequate resources to continue in operational existence for the foreseeable future. As of April 2022, the Company has in excess of £1.5 million cash at bank and the directors have assessed that the strength of the balance sheet position in conjunction with a reasonable expenditure forecast for the foreseeable future means the Company will have sufficient resources to meet its obligations.

The Company, therefore, continues to adopt the going concern basis in preparing these unaudited Condensed Interim Financial Statements.

5 Accounting policies

The same accounting policies, presentation and methods of computation have been followed in these unaudited Condensed Interim Financial Statements as were applied in the preparation of the Company's historical financial information for the period ended 20 September 2021, as included in the admission document, except for the impact of the adoption of the standards and interpretations described below and new accounting policies adopted as a result of changes in the Company.

Standards and interpretations adopted in the period

There were no new standards or interpretations adopted by the Company in the period.

Standards and interpretations issued and not yet effective:

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	Impact on initial application	Effective date
IFRS 3	Reference to Conceptual Framework	1 January 2022
IAS 37	Onerous contracts	1 January 2022
IAS 16	Proceeds before intended use	1 January 2022
Annual improvements	2018-2020 Cycle	1 January 2022
IFRS 17	Insurance contracts	1 January 2023
IAS 8	Accounting estimates	1 January 2023
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023

6 Critical accounting estimates and judgments

In preparing the unaudited Condensed Interim Financial Statements, the directors have to make judgments on how to apply the Company's accounting policies and make estimates about the future. Estimates and judgements are continuously evaluated based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

7 Employees and directors' remuneration

There were no employees of the Company in the period under review, other than the 6 directors. Directors' remuneration for the period was as follows:

	Total remuneration to 31 January 2022 £
Daniel Maling	5,215
David Ormerod	6,954
Fungai Ngoro	3,477
Amir Khayat*	2,000

17,646

*Resigned prior to admission to AQSE Growth Market

8 Income tax

	Period ended 31 January 2022 £
Current tax	-
Deferred tax	-
Income tax expense	-

Income tax can be reconciled to the loss in the Statement of Comprehensive Income as follows:

	Period ended 31 January 2022 £
Loss before taxation	(273,561)
Tax at the UK corporation tax rate of 19%	(51,977)
Tax losses on which no deferred tax asset has been recognised	51,977
	-

The corporation tax rate for the year beginning 1 April 2022 to remain at 19% and from 1 April 2023 to increase to 25%. The impact of this rate change has been considered in these unaudited Condensed Interim Financial Statements.

9 Earnings per Ordinary Share

There were no potentially dilutive instruments in issue at the period end.

	As at 31 January 2022		
	Earnings £	Weighted average number of ordinary shares	Per- share amount (pence)
Basic and dilutive earnings per ordinary share			
Earnings attributable to shareholders	(273,561)	11,955,198	(2.29)

There is no difference between the diluted loss per share and the basic loss per share presented. Share options and warrants could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the period presented.

10 Share capital & share premium

	Ordinary shares	Share capital	Share premium	Total
	#	£	£	£
Issue of ordinary shares on incorporation ¹	50,000	500	-	500
Issue of ordinary shares ²	5,850,000	58,500	-	58,500
Issue of ordinary shares ³	1,600,000	16,000	-	16,000
Issue of ordinary shares ⁴	22,300,000	223,000	2,007,000	2,230,000
Share issue costs	-	-	(34,500)	(34,500)
At 31 January 2022	29,800,000	298,000	1,972,500	2,270,500

¹ On incorporation on 13 July 2021 the Company issued 50,000 ordinary shares of £0.01 at their nominal value of £0.01.

² On 10 September 2021, the Company issued 5,850,000 ordinary shares at their nominal value of £0.01.

³ On 23 September 2021, the Company issued 1,600,000 ordinary shares at their nominal value of £0.01.

⁴ On admission to the AQSE Growth Market on 1 December 2021, 22,300,000 shares were issued at a placing price of £0.10.

11 Share based payment reserve

	Total £
Broker warrants issued ¹	10,094
At 31 January 2022	10,094

¹ On 29 October 2021, the Company entered into an agreement to issue 300,000 broker warrants to Peterhouse Capital Limited subject to and conditional on admission. The broker warrants are exercisable at the price of £0.10 per ordinary share and are exercisable, either in whole or part, for a period of three years from the date of admission.

On 10 September 2021 and 23 September 2021, 5.9m and 1.6m warrants were issued respectively, linked to existing shares. Each warrant entitles the holder to subscribe for one share at a price of £0.10 for a period of three years from grant.

The estimated fair values of options which fall under IFRS 2, and the inputs used in the Black-Scholes pricing model to calculate those fair values are as follows:

Date of grant	Number of warrants	Share price	Exercise price	Expected volatility	Expected life	Risk free rate	Expected dividends
8 July 2021	300,000	£0.10	£0.10	50.00%	3	15.00%	0.00%

Warrants

	Number of warrants	Exercise price	Expiry date
On incorporation			
Issued on 10 September 2021	5,900,000	£0.05	10 September 2023
Issued on 23 September 2021	1,600,000	£0.05	23 September 2023
As at 31 January 2022	7,500,000		

The weighted average exercise price of the warrants exercisable at 31 January 2022 is £0.10.

The weighted average time to expiry of the warrants as at 31 January 2022 is 2.62 years.

The total warrants issued in September 2021 were issued alongside the placing of ordinary shares and, as such, are not fair valued separately.

12 Related party transactions

Directors Shares & Warrants

On incorporation, the Company issued 50,000 ordinary shares of £0.01 at £0.01 per ordinary share to Orana Corporate LLP, an entity of which director Daniel Maling is a partner.

Subsequently, shares were subscribed to the founding shareholders and 1,750,000 transferred to directors, including 1,000,000 shares to Daniel Maling, 500,000 shares to David Ormerod and 250,000 shares to Fungai Ngoro. Daniel Maling, David Ormerod and Fungai Ngoro were all directors of the Company at the end of the period. All of the shares held by Daniel Maling, David Ormerod and Fungai Ngoro were paid up during the period.

In connection with the founders' shares, subscribers were issued with warrants on a 1:1 basis. Consequently, the directors held the following warrants at period:

- Daniel Maling: 1,000,000
- David Ormerod: 500,000
- Fungai Ngoro: 250,000

The warrants give the directors the option to subscribe for ordinary shares on a 1:1 basis at £0.10 for a period of two years from grant.

Service Agreements

Orana Corporate LLP, of which director Daniel Maling is a partner, has a service agreement with the Company for the provision of accounting and company secretarial services. In the period, Orana Corporate LLP received £10,000 for these services from the Company.

13 Ultimate controlling party

As at 31 January 2022, there was no ultimate controlling party of the Company.

14 Events subsequent to period end

Formation of wholly owned subsidiary – HFI Energy Systems Ltd

On 29 March 2022, the Company formed the wholly owned subsidiary HESL to assist in the development of proprietary wind and water-based hydrogen production systems. The Company appointed Timothy Blake as the CEO due to his significant experience in the field and David Ormerod will act as the sole director.

15 Approval of the unaudited condensed interim financial statements

The unaudited Condensed Interim Financial Statements were approved by the Board of Directors on 27 April 2022.

Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.