



# Half-year Report

Released : 28.04.2023

28 April 2023

## Hydrogen Future Industries PLC

("Hydrogen Future Industries", the "Company" or the "Group")

### Interim Results for the Six-Month Period Ended 31 January 2023

Hydrogen Future Industries (AQSE:HFI), a developer of a proprietary wind-based green hydrogen production system, presents its unaudited interim results for the six-month period ended 31 January 2023.

#### Highlights

- Acquisition of a suite of international patents which are relevant to the systems being developed by HFI
  - Significantly enhanced IP around HFI's wind-based hydrogen production system
  - Potential wider commercial applications for patents beyond HFI's systems - potential for early cash flow generation
- Commenced prototype testing of the wind element of HFI's hydrogen production system 1 metre diameter prototype in Montana, USA
  - First phase 20-hour live test successfully completed, confirming aerodynamics align to wind direction, with no distinguishing noise from rotor blades, and no fouling of blades with cowling
  - Second phase testing in variable weather and temperature conditions completed successfully in wind speeds as high as 58 MPH
  - Third phase of performance analysis - the final phase of testing for the 1 metre diameter wind turbine - will commence in May 2023. This phase will use enhancements gained from previous tests and record energy output over a three-month period
- Investment in, and collaboration with, Tower Green Holdings Limited ("Tower"), a developer of hydrogen production and distribution facilities which is establishing multipurpose hydrogen hubs in the southwest of England to provide energy storage and hydrogen as a fuel
  - HFI's system to be implemented as Tower's preferred green hydrogen production technology

#### Daniel Maling, Non-Executive Chairman, commented:

"We expect 2023 to continue as an exciting year, particularly as we begin next month to measure the energy output from our prototype turbine in Montana, USA. We look forward to updating shareholders on our development progress in this hugely exciting subset of the energy sector."

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**About Hydrogen Future Industries**

Hydrogen Future Industries was established to invest in projects and companies focused on the Hydrogen Economy. We are developing a proprietary wind-based hydrogen production system, incorporating hydrogen compression and storage. Through this technology, we aim to significantly reduce the cost of hydrogen production from renewable sources and provide on-demand energy storage in the form of hydrogen at a fraction of the cost of lithium-ion battery storage.

Visit our website: [www.hydrogenfutureindustries.com](http://www.hydrogenfutureindustries.com)

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**Inside Information**

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company accept responsibility for the contents of this announcement.

**Caution Regarding Forward Looking Statements**

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates, and projections about its industry; its beliefs; and assumptions. Words such as 'anticipates,' 'expects,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates,' and similar expressions are intended to identify forward-looking statements. These statements are not a guarantee of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the Company's control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions security holders and prospective security holders not to place undue reliance on these forward-looking statements, which reflect the view of the Company only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances, or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

**Chairman's Statement***Introduction*

I am pleased to present the unaudited interim results for the six-month period ended 31 January 2023. During the period we have significantly strengthened the intellectual property around our green hydrogen production system, commenced prototype testing, and broadened our investment exposure to cover downstream hydrogen production and distribution facilities.

*Review of activity*

On 5 October 2022, we announced the acquisition by our joint venture subsidiary HFI IP Holdings Limited of a suite of international patents which are relevant to the system being developed by the Company. This acquisition significantly enhanced the intellectual property around HFI's wind-based hydrogen production system. The patents cover a range of works including ducted wind turbine rotor configurations; a dynamic telescopic tower to optimise wind farm energy production and reduce maintenance cost; a variable hydraulic drive and electro-magnetic clutch to increase efficiency and lower the cost of energy production; and the conversion of stored energy to green hydrogen.

The patents acquired were granted to HW Power Limited in respect of work undertaken by Timothy Blake between 2015 and 2018, prior to him joining HFI as Chief Executive Officer of HFI Energy Systems Limited, the Company's wholly owned product development subsidiary. Given the considerable efficiency gains we believe our turbine will offer compared to existing open rotor wind turbines in use today, the commercial applications for our patents may not be limited to hydrogen and could be of value in the wider wind energy generation sector. Accordingly, we will in due course be exploring wider commercial applications for the patents beyond HFI's systems, potentially as an avenue for early cash flow generation.

On 1 November 2022, HFI announced the commencement of prototype testing of the wind element of the Company's hydrogen production system 1 metre diameter prototype in Montana, USA. A key element of the prototype is its proprietary wind turbine, which has been designed with notably distinct features which allow the turbines to be more efficient than current open rotor turbines due to modified aerodynamics, with cowling directing air flow across the rotor blades to create a multiple factor increase in wind speed. The cowling also directs the flow of wind out and away from the rear of the turbine, reducing the potential for still air to block the flow through the turbines. We believe the increased efficiency of the turbine could in turn increase the efficiency and ultimately lower the cost of hydrogen production.

The prototype is being tested in an area selected for its consistent wind speeds and regulatory support for wind turbine development and wind farm placement. HFI has a local development facility where the turbines are fabricated and mounted onto towers for testing in local wind speeds. The power output from the turbines will be compared to predicted results. The cowling and rotor blades are a product of aerodynamic development and have been 3D printed on site.

The first stage of the outdoor test programme - a 20-hour live test - has been successfully completed, confirming the aerodynamics align to the wind direction as planned, there is no distinguishing noise from the rotor blades, and there is no fouling of the blades with the cowling.

The next phase of testing - variable weather and temperature conditions - was successfully undertaken between February

and April 2023, in temperatures that dropped below -20° C and in wind speeds up to 58 MPH. The test was undertaken to see how the wind turbine would react to extreme cold temperatures and consistent high wind speeds. The wind turbine completed the test without any issues.

A third and final phase is expected to begin in May 2023 of an enhanced version of the 1 metre diameter wind turbine. The upgraded wind turbine will be used to measure the energy output over an 8 to 12-week period before work commences on a larger diameter commercial wind turbine. The data gained from the performance of the wind turbine will be compared to the wind tunnel results and used in the design of the larger diameter wind turbines.

On 16 January 2023, we announced an investment in, and collaboration with, Tower Green Holdings Limited, a developer of hydrogen production and distribution facilities which is establishing multipurpose hydrogen hubs in the southwest of England to provide energy storage and hydrogen as a fuel. Under the agreement, HFI's system will be implemented as Tower's preferred green hydrogen production technology.

HFI made an initial investment of £100,000 in Tower for a 20% equity stake, £50,000 of which was paid in cash and £50,000 was settled by the issue of 500,000 new ordinary shares in HFI at a price of 10p per share. In addition, HFI has the right to invest a further £50,000 in Tower upon Tower signing an agreement to collaborate with certain specific project partners for an additional 10% equity stake in Tower.

Our system aims to produce affordable green hydrogen and so is well placed to support companies like Tower as they develop downstream infrastructure and partnerships to get hydrogen into vehicles and support the decarbonisation of transport. Through this agreement, not only are we gaining early investment exposure to the massive growth opportunity in hydrogen refuelling which is analogous to the rollout of EV charging infrastructure over recent years, we are also supporting Tower's ambition to become a vertically integrated green hydrogen producer and distributor in the UK.

#### Financial Review

Financial highlights for the Group for the six-month period ended 31 January 2023 are stated below:

- Cash and cash equivalents at period end were £736,065 (31 January 2022: £1.907m)
- Loss before taxation for the period was £710,344 (includes £175,685 (non-cash) share based payments)
- Net cash outflow for the period was £641,300
- The Group held net assets at period end of £1.342m

The Group has invested significantly in research and development in the period which accounts for a significant portion of the loss incurred. As prototype testing progresses through the next phases, the Group will look to capitalise this expenditure once it satisfies the necessary requirements laid out in "IAS 38 - Intangible Assets." The remaining loss in the period relates to general administrative expenses of running the Group and be further viewed at Note 7.

The Company continues to carefully manage its working capital position.

#### Outlook

We expect 2023 to continue as an exciting year, particularly as we begin next month to measure the energy output from our prototype turbine in Montana, USA. We look forward to updating shareholders on our development progress in this hugely exciting subset of the energy sector.

#### Daniel Maling

Non-Executive Chairman

28 April 2023

#### HYDROGEN FUTURE INDUSTRIES PLC - CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### STATEMENT OF COMPREHENSIVE INCOME

FOR THE 6 MONTH PERIOD ENDED 31 JANUARY 2023

		Unaudited Period ended 31 January 2023	Unaudited Period ended 31 January 2022
	Notes	£'000	£'000
<b>Continuing operations</b>			
Administrative expenses	7	(710)	(274)
<b>Operating loss</b>		<b>(710)</b>	<b>(274)</b>
Finance income		-	-
<b>Loss before taxation</b>		<b>(710)</b>	<b>(274)</b>

Income tax	8	-	-
<b>Loss for the period from continuing operations</b>		<b>(710)</b>	<b>(274)</b>
Other comprehensive income		1	-
<b>Total comprehensive loss attributable to equity holders of the Group</b>		<b>(709)</b>	<b>(274)</b>
Basic & dilutive earnings per ordinary share (pence)	9	(2.22)	(2.29)

The notes form an integral part of the unaudited condensed consolidated interim financial statements.

		Unaudited As at 31 January 2023	Unaudited As at 31 January 2022	Audited As at 31 July 2022
	Notes	£'000	£'000	£'000
<b>NON-CURRENT ASSETS</b>				
Investments	10	50	114	-
Right of use assets		22	-	22
Fixed assets		28	-	18
Intangibles		492	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>592</b>	<b>114</b>	<b>40</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		736	1,907	1,383
Trade & other receivables		40	36	210
<b>TOTAL CURRENT ASSETS</b>		<b>776</b>	<b>1,943</b>	<b>1,593</b>
<b>TOTAL ASSETS</b>		<b>1,368</b>	<b>2,057</b>	<b>1,633</b>
<b>NON-CURRENT LIABILITIES</b>				
Lease liability		5	-	5
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5</b>	<b>-</b>	<b>5</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		8	102	82
Lease liability		13	-	17
<b>TOTAL CURRENT LIABILITIES</b>		<b>21</b>	<b>102</b>	<b>99</b>
<b>TOTAL LIABILITIES</b>		<b>26</b>	<b>102</b>	<b>104</b>
<b>NET ASSETS</b>		<b>1,342</b>	<b>1,955</b>	<b>1,529</b>

**EQUITY**

Share capital	11	333	298	298
Share premium	11	2,211	1,900	1,900
Share based payment reserves	12	207	31	31
Foreign exchange merger reserve		1	-	-
Retained earnings		(1,410)	(274)	(700)
<b>TOTAL EQUITY</b>		<b>1,342</b>	<b>1,955</b>	<b>1,529</b>

**HYDROGEN FUTURE INDUSTRIES PLC - CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 JANUARY 2023**

*\*Non-controlling interest of £49 not stated above as it is not material to the financial statements*

The notes form an integral part of the unaudited condensed consolidated interim financial statements.

**HYDROGEN FUTURE INDUSTRIES PLC - CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE 6 MONTH PERIOD ENDED 31 JANUARY 2023**

	Share capital	Share premium	Share based payment reserve	Foreign exchange merger reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Loss for period	-	-	-	-	(274)	(274)
Total comprehensive income for year	-	-	-	-	(274)	(274)
Transactions with owners in own capacity						
Ordinary Shares issued in the period	298	2,007	-	-	-	2,305
Broker Warrants Issued	-	-	31	-	-	31
Share Issue Costs	-	(107)	-	-	-	(107)
Transactions with owners in own capacity	298	1,900	31	-	-	2,229
<b>Balance at 31 January 2022</b>	<b>298</b>	<b>1,900</b>	<b>31</b>	<b>-</b>	<b>(274)</b>	<b>1,955</b>
Loss for period	-	-	-	-	(426)	(426)
Total comprehensive income for year	-	-	-	-	(426)	(426)
Transactions with owners in own capacity	-	-	-	-	-	-
<b>Balance at 31 July 2022</b>	<b>298</b>	<b>1,900</b>	<b>31</b>	<b>-</b>	<b>(700)</b>	<b>1,529</b>
Loss for period	-	-	-	-	(710)	(710)
Other comprehensive income	-	-	-	1	-	1
Total comprehensive income for year	-	-	-	1	(710)	(709)

Transactions with owners in own capacity						
Ordinary Shares issued in the period	35	311	-	-	-	346
Advisor warrants issued	-	-	13	-	-	13
Employee options issued	-	-	163	-	-	163
Transactions with owners in own capacity	35	311	176	-	-	522
<b>Balance at 31 January 2023</b>	<b>333</b>	<b>2,211</b>	<b>207</b>	<b>1</b>	<b>(1,410)</b>	<b>1,342</b>

**HYDROGEN FUTURE INDUSTRIES PLC – CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF CASHFLOW**

**FOR THE 6 MONTH PERIOD ENDED 31 JANUARY 2023**

		Period ended 31 January 2023	Period ended 31 January 2022
	Note	£'000	£'000
<b>Cash flow from operating activities</b>			
Loss for the financial year		(710)	(274)
<i>Adjustments for:</i>			
Share based payment reserves		176	10
Foreign exchange movements		1	-
Depreciation & amortization		5	-
<i>Changes in working capital:</i>			
Decrease / (increase) in trade and other receivables		54	(39)
Increase / (decrease) in trade and other payables		(74)	53
<b>Net cash outflow from operating activities</b>		<b>(548)</b>	<b>(250)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(39)	-
Investment in TG Holdings Ltd	10	(50)	(114)
<b>Net cash outflow from investing activities</b>		<b>(89)</b>	<b>(114)</b>
<b>Cash flows from financing activities</b>			
Proceeds from Issue of Shares		-	2,305
Share Issue Costs		-	(34)
Payment of lease liabilities		(4)	-
<b>Net cash outflow from financing activities</b>		<b>(4)</b>	<b>2,271</b>
<b>Net increase in cash and cash equivalents</b>		<b>(641)</b>	<b>1,907</b>
Cash and cash equivalents at beginning of the period		1,383	-
Foreign exchange impact on cash balance		(6)	-
<b>Cash and cash equivalents at end of the period</b>		<b>736</b>	<b>1,907</b>

The notes form an integral part of the unaudited condensed consolidated interim financial statements.

## HYDROGEN FUTURE INDUSTRIES PLC – CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

#### FOR THE 6 MONTH PERIOD ENDED 31 JANUARY 2023

##### 1 General information

Hydrogen Future Industries Plc (“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 and its subsidiaries collectively referred to as “the Group” 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 Aquis Stock Exchange (“AQSE”) Growth Market on 1 December 2021. The unaudited condensed consolidated interim financial statements (“interim financial statements”) present the consolidated results of the Group.

##### 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 consolidated interim financial statements (“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 interim financial statements have been prepared in accordance with IAS 34 “interim financial statements”. The 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 interim financial statements for the 6 month period from 1 August 2022 to 31 January 2023 are unaudited. Comparatives have been provided for the comparable period ending 31 January 2022.

The interim financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense.

The interim financial statements do not constitute statutory accounts within the meaning of section 434 of the companies act 2006. The accounting policies adopted are consistent with those applied in the Company’s last audited annual financial statements ending 31 July 2022 and can be viewed on the Company’s website (<https://hydrogenfutureindustries.com/>).

The interim financial statements are presented in Great British Pounds sterling (“£”) unless otherwise stated, which is the Group’s functional and presentational currency. The Directors have decided to only present consolidated interim financial statements and not parent level financial statements as they believe consolidated statements alone present an accurate depiction of the Group’s financial performance and position.

The performance of the Group is not affected by seasonal factors and the risk factors applicable to the Group have not changed materially since the publication of the annual report and financial statements for the period ending 31 July 2022.

##### 4 Going concern

The directors have made an assessment of the Group’s ability to continue as a going concern and are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group’s auditors included a material uncertainty related to going concern in the last annual report based on the ability of the Group to source additional funding in the 12 months from signoff of the annual report in December 2022. The Directors are confident in the ability of the Group to satisfy this condition and hence continue to adopt the going concern basis in preparing these interim financial statements.

##### 5 Accounting policies

The same accounting policies, presentation and methods of computation have been followed in these interim financial statements as were applied in the preparation of the Group’s annual financial report for the period ended 31 July 2022, 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.

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases have not yet been adopted by the UK):

Standard	Impact on initial application	Effective date
Annual Improvements	2018–2020 Cycle	1 January 2023
IAS 1	Classification of liabilities	1 January 2023

	Current or Non-current	
IAS 8	Accounting estimates	1 January 2023
IAS 12	Deferred tax arising from a single transaction	1 January 2023

## 6 Critical accounting estimates and judgments

In preparing the unaudited interim consolidated financial statements, the directors have to make judgments on how to apply the Group'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:

### Share Based Payments

The Group has made share based payments during the period that required valuation under applicable accounting standards. The Directors have chosen to value these warrants and options using Black Scholes method with inputs that can be viewed at Note 12.

### Research and development expenditure

The Group, primarily through its US based subsidiary is well advanced in the development of a 1m Wind Turbine Prototype. At the end of the Group's last annual report development was still at a stage where it was not considered appropriate to capitalise expenditure related to the project. As of the signing of this report data is being collected that will likely confirm the efficiency advantages of the turbine over existing designs. Once this data is collected the Directors will have sufficient confidence in the commercial potential of the project and would be more assured of timings as to when economic benefits would flow to the Group. As a result the Directors have made the judgement not to capitalise expenditure related to the prototype in the period ending 31 January 2023 however will review at each period end going forward with the look to capitalise expenditure as soon as practicable.

## 7 Administrative expenses

	Period ended 31 January 2023 £'000	Period ended 31 January 2022 £'000
Directors' fees	(54)	(18)
Salaries and wages*	(92)	-
Professional fees	(114)	(182)
Contractors*	(113)	-
Insurance	(17)	(34)
Other administrative expenses	(144)	(30)
Share based payments	(176)	(10)
	<b>(710)</b>	<b>(274)</b>

\*During the period the Group has invested in the development of wind turbine technology and has utilised the services of contractors and employees to assist with this. Once possible the Group will look to capitalise this expenditure as it is directly attributable to the development of future intangible assets as alluded to in Note 6.

## 8 Income tax

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

	Period ended 31 January 2023	Period ended 31 January 2022£'000
Loss before taxation	(710)	(274)
Tax at the UK corporation tax rate of 19%	(135)	(52)
Adjustment for items disallowable for tax	(33)	-
Tax losses on which no deferred tax asset has been recognised	102	52
	-	-

The Group has total carried forward losses of £1,234k. The taxed value of the unrecognised deferred tax asset is £235k and these losses do not expire. No deferred tax asset in respect of tax losses have been recognised in the accounts because there is currently insufficient evidence of the timing of suitable future taxable profits against which they can be recovered.

On 15 March 2023 it was announced that from 1 April 2023 the UK corporation tax rate would increase from 19% to 25% for profits over £250,000. Profits made under the £250,000 threshold will continue to be taxed at a rate of 19%. The Company will continue to calculate the effective tax rate at 19%.

#### 9 Earnings per Ordinary Share

	Period ended 31 January 2023	Period ended 31 January 2022
Loss attributable to shareholders of HFI - £'000	(710)	(274)
Weighted number of ordinary shares in issue	32,043,443	11,955,198
<b>Basic &amp; dilutive earnings per share from continuing operations - pence</b>	<b>(2.22)</b>	<b>(2.29)</b>

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 Investments

	Period ended 31 January 2023 £'000	Period ended 31 January 2022 £'000	Period ended 31 July 2022 £'000
Investment - Tower Green Holdings Ltd	50	-	-
Investment - LGT Hydrogen Ltd	-	114	-
<b>Total</b>	<b>50</b>	<b>114</b>	<b>-</b>

On 16 January 2023, the Group announced an agreement with Tower Green Holdings Limited to purchase 4,167 shares to assist in the development of green hydrogen technologies. Following this investment, HFI owns 20% of Tower Green Holdings.

#### Subsidiaries

Name	Holding	Business Activity	Country of Incorporation	Registered Address
HFI Energy Systems Ltd	100%	Research & development	England & Wales	Eccleston Yards, 25 Eccleston Place, London SW1W 9NF
HFI Energy Systems US Inc	100%	Research & development	United States of America	16 Nugget Court, Whitehall, MT 59759
HFI IP Holdings Ltd	51%	IP holding company	England & Wales	Eccleston Yards, 25 Eccleston Place, London SW1W 9NF
HFI Development Ltd	100%	Research & development	England & Wales	Eccleston Yards, 25 Eccleston Place, London SW1W 9NF
HFI Consulting Limited	100%	Licensing entity	England & Wales	Eccleston Yards, 25 Eccleston Place, London SW1W 9NF

#### 11 Share capital & share premium

	Ordinary shares #	Share capital £'000	Share premium £'000	Total £'000
<b>At 31 July 2022</b>	<b>29,800,000</b>	<b>298</b>	<b>1,901</b>	<b>2,200</b>
Issue of ordinary shares	3,450,000	35	310	345
<b>At 31 January 2023</b>	<b>33,250,000</b>	<b>333</b>	<b>2,211</b>	<b>2,545</b>

On 5 October 2022 the Company issued 3,450,000 ordinary shares of £0.01 at a subscription price of £0.10 as consideration for the acquisition of patents.

## 12 Share based payment reserve

	<b>Total £'000</b>
As at 31 July 2022	31
Warrants issued <sup>1</sup>	13
Employee options issued <sup>2</sup>	163
<b>At 31 January 2023</b>	<b>207</b>

<sup>1</sup>On 5 October 2022, the Group issued 1,625,000 warrants to HW Power Limited as part of the consideration for the transfers of IP Patents to the Group. All options are exercisable at the price of £0.12 per ordinary share and are exercisable, either in whole or part, for a period of 3 years from the date of issue.

<sup>2</sup> On 4 November 2022, the Group issued 6,000,000 employee options to the directors of the Company, the director of the subsidiary and one consultant. All options vested immediately apart from 1,500,000 options issued to the director of the subsidiary which vest of the satisfaction of various performance conditions. All options are exercisable at the price of £0.10 per ordinary share and are exercisable, either in whole or part, for a period of five years from the date of issue.

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:

<b>Date of grant</b>	<b>Number of options</b>	<b>Share price</b>	<b>Exercise price</b>	<b>Expected volatility</b>	<b>Expected life</b>	<b>Risk free rate</b>	<b>Expected dividends</b>
5 Oct 2022	1,625,000	£0.05	£0.12	60.00%	3	3%	0.00%
4 Nov 2022	6,000,000	£0.068	£0.10	60.00%	5	3%	0.00%

## Warrants

### As at 31 January 2023

	<b>Weighted average exercise price</b>	<b>Number of warrants</b>
Brought forward at 31 July 2022	5p	8,050,000
Granted in period	12p	1,625,000
Vested in period	12p	1,625,000
Outstanding at 31 January 2023	6.3p	9,675,000
Exercisable at 31 January 2023	6.3p	9,675,000

The weighted average time to expiry of the warrants as at 31 January 2023 is 2.12 years.

## Options

### As at 31 January 2023

	<b>Weighted average exercise price</b>	<b>Number of options</b>
Brought forward at 31 July 2022		-
Granted in period	10p	6,000,000
Vested in period	10p	4,500,000
Outstanding at 31 January 2023	10p	6,000,000
Exercisable at 31 January 2023	10p	4,500,000

The weighted average time to expiry of the options as at 31 January 2023 is 2.95 years.

### **13 Related party transactions**

#### Directors remuneration

During the period the Directors of the Company received the following remuneration as Directors fees:

- David Ormerod: £24,000
- Daniel Maling: £18,000
- Fungai Ngoro: £12,000

During the period the Directors also were issued with the following options in the Company:

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

#### 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 £25,353 for these services from the Company.

### **14 Ultimate controlling party**

As at 31 January 2023, there was no ultimate controlling party of the Company.

### **15 Events subsequent to period end**

There are no events subsequent to period end that require disclosure.

### **16 Approval of the financial statements**

The interim financial statements were approved by the board of directors on 28 April 2023.