



MDI 'trains' World Expo 2020 Dubai.

17th November 2021.

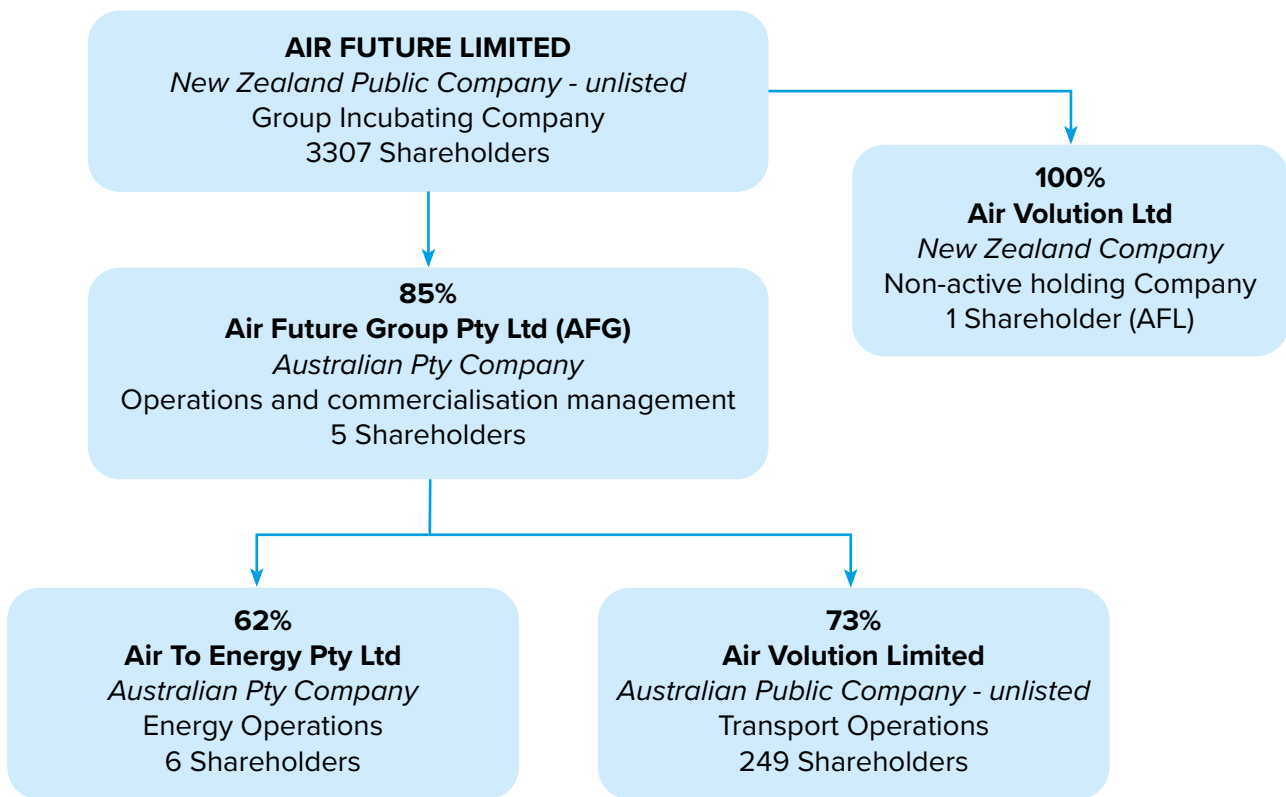
## **Annual Report to Shareholders for year end 31st December 2020**



Dear Shareholder.

## Company Background

### STRUCTURE OF “AIR FUTURE GROUP”



Air Future Limited (the Company) is a public unlisted limited liability Company. The reporting entity is the Group comprising the Company and its subsidiaries.

The Group holds rights in respect of the MDI compressed air engine technology for the territory of Australia, New Zealand and the Pacific Islands.

The Group’s principal revenues are intended to come by way of dividends that will be derived through the commercialisation of the MDI transport, electricity generation and energy storage technologies through downstream ventures.

The principal asset of Air Future Limited is its 85% shareholding in Air Future Group Pty Ltd (AFG). Air Future Group Pty Ltd’s principal assets are shareholdings in Air Volution Ltd (73%) and Air to Energy Pty Ltd (62%).



In addition, Air Future Ltd holds a five-year exclusive right to the production licenses as per the MDI Industrialisation Concept for the MDI Air Pod, Air One/Air City, Air Generator and Air Wall products within its licence territory of Australia, New Zealand and the Pacific Islands. This five-year right was granted on 13 August 2018.

Air Volution Ltd holds options to the rights to purchase the licences required for 3 MDI vehicle manufacturing plants.

Air to Energy Pty Ltd holds options to the rights to purchase the licences required for the energy and energy storage applications.

The licence area includes Australia, New Zealand and the Pacific Islands. Licences are for a renewable period of 20 years.

Factory license agreements are between a licensee and MDI. Each licence provides for the production line, manufacturing, tooling equipment and initial operational instructions to be provided by MDI.

Ongoing operational assistance is provided including regular auditing of factories operations and systems. Royalties of 10% are paid to MDI on the sale price of the products.

Air Future Group seeks to develop numerous factories spanning both vehicles, electricity generation products and energy storage.

Initial factories will have broader region and export capability to generate early viability and break even. That market includes MDI's own expressions of interest customers. Factories can readily produce right hand or left-hand vehicles.

The Group's principal expenditure is for early-stage market development. This will remain an ongoing requirement until such time as revenues meet the ongoing expenditure.

## **Activities**

Over the past years one of the foci of Air Future has been to simplify inter-company relationships to separate the commercialisation opportunities of energy and transport within a group structure and to make the group more attractive to the various investor groups that we are seeking.

Our two missions are "MDI by Air Future" and "Showcase Australasia", and we are readying to launch both in 2022. We seek to deliver solutions and products for clean and affordable transport and energy across New Zealand, Australia, and Pacific Islands. Right now we are focused on capital raising for technology transfer and product demonstrations, market and customer development, and initial manufacture.

Air Future Limited in New Zealand is the incubator for Air Future Group operating across Australasia. We are progressing markets and have commenced enquiries for an outsourced manufacturing venture in NZ to produce pilot demonstrations for GreenAir vehicles in conjunction with MDI, from whom we are also seeking delivery of an AirPod and energy storage AirWall unit.

For us and anyone addressing climate solutions via clean vehicles and renewable energy storage, investment is necessary.



We are finalising an Information Memorandum for Crowd-funding and are currently progressing with PledgeMe, a registered crowd-funding firm. We are seeking \$1.8M via the crowd-funding and inviting an additional \$1.2M from wholesale investors. This will assist us to focus on our goals for 2022 and address resources, including the focus of MDI, and feed into the bigger operational picture that our CEO John Mennega is working to implement.

## **Audits.**

### **Financial Statements.**

In December 2020 Air Future Ltd was informed by its auditors PKF Goldsmith Fox that they had served the maximum number of audits with the partner and peer review partner as they were allowed and would have to resign as Air Future Ltd auditors.

I would like to thank PKF Goldsmith Fox and in particular Gordon Hansen for his service, advice and professional perspective that he has provided to Air Future since 2013.

Air Future Ltd has been fortunate in obtaining the services of Baker Tilly Staples Rodway Audit Limited (Baker Tilly SR) as auditors to continue the company auditing obligations in an environment where there is a recognised shortage of auditors and those available having an already demanding work overload.

Our audit has been an extremely protracted exercise. The earliest commencement date for Baker Tilly SR audit availability was the end of April which was four months following the Company balance date and already outside the required lodging date of the Financial Statements (s460(1) of the Financial Markets Conduct Act 2013).

The intended commencement date was further delayed due to unforeseen health related circumstances of Air Future's accountant. The overall effect has been the considerable delay in filing the Financial Statements and hence the delay in this meeting. The FMA were informed by the Company at outset and updated on a regular basis as to progress.

I'd like to thank Chrissie Murray (Partner, Baker Tilly Staples Rodway, Audit and Assurance services) for her experienced input and patience as Baker Tilly SR became familiar with the considerable background inter relationships that have preceded our somewhat straightforward company structure of today.

## **Share Register.**

In August 2020 we moved our share register to the Orchestra platform. This has been a positive transition for the Company and shareholders alike enabling shareholders to view their shareholdings and manage for themselves their change of address and emails.

The Orchestra platform hosts shareholder records for Air Volution Ltd and Air to Energy Pty Ltd. We are very pleased with the Orchestra system and see it as good preparation for the additional scrutiny that the Group will undergo as we achieve greater exposure and interest from new investors.



## **Financial Statements Report to Shareholders for year end 31st December 2020.**

We are pleased to provide to shareholders the Financial Statements including the Independent Auditor's Report.

The Company and the Group's 2020 activities have overall remained consistent with the previous year.

During 2020 the Air Future Ltd company incurred an operating loss of \$373,836 (2019:\$98,515). The main reason the Company's loss is larger this year is because of the expense recognised for share options issued and shares issued for no consideration during the year totalling \$263,105 compared to nil last year.

To meet cash expenses the Directors contributed \$103,347 and the balance was funded through shareholders taking up equity or loans to the Company.

With the loss incurred in Air Future Group Pty Ltd's Australian subsidiary, Air Volution Ltd, due to the accrual of team fees a Group overall loss of \$832,581 (2019:\$719,959) was incurred.

Executives' fees in both Air Future Ltd and Air Volution Ltd have been accrued and these will be paid when funds allow. Other costs remained consistent with the previous year.

The Company and Group financial statements continue to be prepared on a realisation basis with no value attributed to the MDI licence right agreements, the Air Future Group Pty Ltd's 85% investment in Air Volution Ltd, the advance to MDI of €509,891, and the remaining term of the overall exclusivity agreement held by Air Future Ltd.

This situation is likely to remain until commercialisation is underway and proves the value of the MDI technology.

Subsequent to the audited financials balance the Air Future Ltd has reduced the amount owing to the "team" members by \$300,000.

The company also has agreements in place with the Directors to postpone the repayment of \$1.80M of Directors advances made to the Company. Debt of \$0.60M to previous team members is being limited by way of Deeds of Postponement agreements providing a deferment of debt for a period of up to 2 years from September 2020.

Alternatively, as all parties to the agreement are also AFL shareholders a further extension of the terms may be agreed.

Air Future Ltd has no bank debt other than a small overdraft arrangement (with directors guarantees) and all other creditors should be manageable within the course of business.

The Company has accumulated income tax losses of \$28,493,049 to offset against future income.

The Directors have not recommended the payment of a dividend.



## **The Future.**

The Company is in the final stage of the preparation of an Information Memorandum document with the intention of raising capital from wholesale, eligible and crowd funding investors.

Our immediate implementation path is to obtain funding for the marketing, promotion and sourcing channel partners, import or initial outsource manufacture to enable promotion, all in preparation for production.

We are pleased to note the MDI progress and the MDI presence in two pavilions at the world Expo 2020 Dubai plus the Expo committee contracting MDI for “trains” to move the public within the Expo – a world first.

Combined with the international climate change demands we stand by our long held opinion that the MDI technology has all the components to become a major contributor to profitably advance the sustainability objectives that are challenging global leaders - these being a change agent technology that is accessible, affordable, has a low carbon footprint, low environmental damage and can be manufactured locally.

We look forward to our future.

**END**

**On behalf of the Board**

**Russell Fitts**

**Chairman**

**Air Future Limited**

# **AIRFUTURE** →

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