



AIRFUTURE →

9 December 2022

Shareholder Newsletter

The Products' Potential for 2023



Transport.

From golf carts to waste vehicles.



Energy Storage.

From homes to microgrids.



Compressed Air Energy – a solution for a cleaner climate future.



THE YEAR 2022 – OUR ACTIVITIES

Introduction

The showcasing of MDI Expo Explorer passenger vehicle at the recent Dubai Expo, MDI's focus on initial market entry vehicles, the growing global urgency for effective, affordable and environmentally friendly energy storage all signal the long-awaited platform for success that Air Future has consistently and determinedly anticipated.

The MDI now product ready solutions to the global warming crisis provide Air Future Ltd a fresh and eager platform for introductions, presentations and business potential.

Within this changing environmental context our activities this year have focussed on four principal areas.

- **Creating strategic public awareness.**
- **Preparation for demonstration and showcasing.**
- **Creating the Australasian Climate Innovation project in agreement with MDI.**
- **Preparation for new initiatives and capital raising.**

This Newsletter reports on the four activities above, provides a summary of the MDI achievements and activities and includes an International Perspective provided by Mick.

ACHIEVEMENTS IN A NUTSHELL

Creating strategic public awareness

Recent MDI product demonstrations (Expo Explorer, Veolia Refuse Collection Vehicle, AirLab Solar Energy Project), validates our long-held support and confirms that MDI are on a pathway to product delivery. MDI's recent industrial associations support our expectations that the production of local manufactured product in our licence area of Australia, New Zealand and the Pacific Islands can and will be achieved. (see *"Showcasing Australasia"* & *"MDI Achievements for 2022"* below)

The MDI product advances coupled with the undeniability of Climate Change and the opportunity for MDI product to provide affordable solutions to the energy challenges provide us confidence to open new doors.

Our meetings with local body politicians, local government councillors, government agencies, selected showcasing parties, and conference presentations provide important opportunities to introduce our transport, energy and energy storage products as preparation to our demonstration and showcasing initiatives and business development planned for 2023.

In all cases the parties we have spoken to were initially unaware of our products and solutions but impressed with the opportunities to be able to adopt affordable zero pollution transport products and on-premise solar electricity generation and clean, compressed air energy storage. In short we are greeted with enthusiasm.



A significant highlight was presenting Air Future at the Intelligent Transport Systems (ITS) T-Tech 2022 yearly conference in Auckland on 31st October. T-Tech is New Zealand's forum for ITS and Future Transport. The conference programme included presentation and discussion on the trends and challenges that are shaping the future of transport and the new technology innovations and solutions that help to make transport safe, sustainable and more efficient.



▲ Russell Fitts presenting Air Future Ltd and the MDI products at T-Tech 2022

"It was a valuable opportunity to meet with industry people focussed on transport initiatives and understand the challenges, complexities and implications of these changes."

Russell's PPT presentation can be downloaded through the AFL website at: <https://www.airfuture.co.nz/reports-library>

And a video of our presentation can be viewed at: <https://www.youtube.com/watch?v=RNREsbkjm3w> (commences at 27.25min)

Preparation for demonstration and showcasing

We are planning in earnest our 2023 product demonstration and showcasing initiatives. Discussions with initial showcasing parties are progressing with a focus on our presenting not just immediately available products such as the Green'Air Golf (as part of the Green'Air Buggy range) followed by the AirPod vehicles, but also provide the opportunity to demonstrate the ability of the MDI products to scale to larger service and industrial vehicles such as the Modul'Air. (See Modul'Air Brochure at <https://www.airfuture.co.nz/who-we-are-2>).

The opportunity for the MDI engine to be able to deliver energy (electricity) generation and compressed air energy storage is not overlooked and parties with an energy focus are also being included in our product demonstration planning and selection.



The opportunity to provide Pacific Island countries sustainable energy solutions, grid independence and freedom from fossil fuels with zero pollution transport is an important aspect of our demonstration and high on our show casing planning agenda.

Our products have been regularly promoted as practical and affordable solutions providing a sustainable future in the Cook Islands Herald. We appreciate the introductions we are receiving through this Rarotongan support.

“Showcasing Australasia”

An important Australasian Climate Innovation project in conjunction with MDI.

This is an exciting Air Future Group initiative being led by John Mennega with the co-operation of Cyril Negre. This project principally is to enlist larger players and cornerstone investors to assist the global uptake and industrialisation of MDI products as against the local demonstration and showcasing initiatives being undertaken as part of the AFL business plan.

The “**Showcasing Australasia**” project seeks to create an expanded Australasian Showcase over 2023 – 2025 (Australia, New Zealand & Pacific Islands) spanning transport, energy storage, and decentralised micro manufacture, with global replicability. Both MDI and Cartol (see *Cartol Industries below*) will participate in the early stage.

Once established the Air Future Group will be seeking to roll-out distributed micro factories and develop further products.

This Macro project is in contrast to Air Future Ltd ‘s (AFL) incubation activities with current local demonstration and showcasing initiatives focussing on establishing local markets, business alliances, channel partners and so on.

The immediate Showcasing Australasia objective is to focus on funding and investment and on partners and alliances, across transport, energy storage, manufacture, and the regions. This will be a progressive and ongoing exercise, and an early focus of Air Future Group project will be on securing substantial working capital to acquire the necessary resources to progress the entry stage and maintain its administration under the “Showcasing Australasia” objective.

Current documentation is being finalised. Shareholders interested in this project are welcome to contact Air Future at info@airfuture.co.nz and request the product Information Documents and Fliers. When completed the documents will be able to be downloaded under the “Links & Brochures” section within our website at: <https://www.airfuture.co.nz/who-we-are-2>





Government Funding

The very valuable experience that we have had in 2022 in competition for government funds such as Provincial Growth Fund, EECA and Waka Kotahi NZ Transport under their Innovation Fund has furnished us well for further opportunities in 2023.

What we have learnt is having product demo's and 3rd parties involved will position us well for our applications for 2023.

MDI ACHIEVEMENTS FOR 2022 -

A year of progress, products and alliances

Dubai Expo success: 6 months, 6 trains, over 23 million visitors.

The successful presentation of the MDI “Expo Explorer” at the Expo2020 held in Dubai between October 2021 and April 2022 has proven the capability and rigour of the MDI engines and indisputably demonstrated the ability of MDI to design and produce new and innovative products specific to customer requirements and expectations.



View the Expo Explorer at <https://www.mdi.lu>

New Product - Modul'Air

Based on the frame and dimensions of the “Expo Explorer”, Cartol in association with MDI has designed a new service towing vehicle and wagons. The wagons can be sold separately and provide a wide variety of applications – passenger transport, airport logistic support and refuse collection. These versatile vehicles can be manufactured on order.

A Modul'Air Brochure can be downloaded at <https://www.airfuture.co.nz/who-we-are-2>





Market Entry - Green'Air Compressed Air Buggies & Golf Carts.

The growing global Micro Vehicle and Quadricycle market (L6e & L7e) and the MDI collaboration with CARTOL has prompted MDI to promote the MDI Green'Air as their entry range product under the umbrella name of the "Green'Air Compressed Air Buggies". The range includes Golf Club, Passenger and Utility vehicles. There will be various customer designs with matching prices within those ranges.

The MDI Green'Air Buggy products provide a fresh approach in the growing Quadricycle market and additionally provide zero pollution transport with both overnight refills at home and/or one minute refills through an MDI filling station. Product versatility is designed for applications in golf courses, resorts, tourist spots or industrial and agricultural or recreation activities. Applications range from a golf cart limited to off road use to a "last mile" fully homologated (registered) on road vehicle such as is widely used in the USA. The following link may be of interest to shareholder readers: <https://www.digitaljournal.com/pr/motorized-quadricycles-market-dynamics-opportunities-risk-and-driving-force-forecast-to-2031>

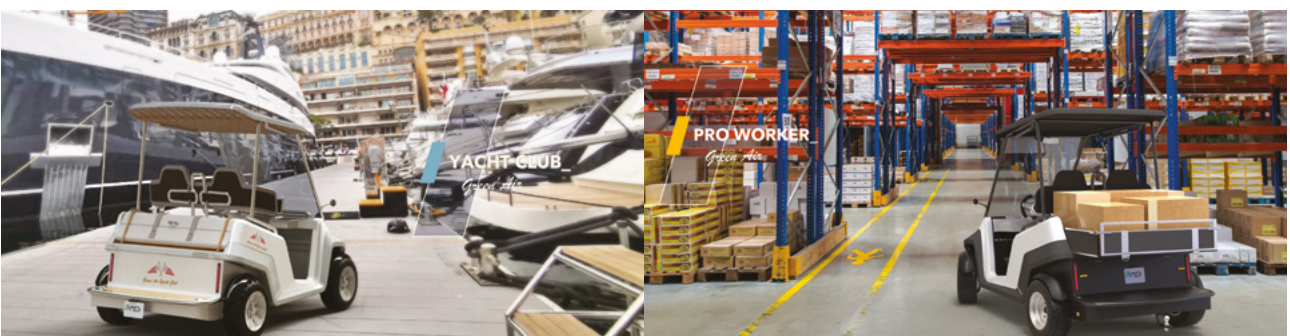


We see a significant off-road New Zealand/Australian market and on-road Pacific Island market for the GreenAir Buggies.

Initial demonstration product will be manufactured and assembled by Cartol Industries within their premises in Pompidou, France. <https://cartol.fr/en/>

Cartol will firstly produce the Green'Air Golf providing MDI its first limited number of product for their own immediate local demonstrations. This is planned for February 2023.

Following this and any required assembly line modification up to 5 vehicles per day will then be manufactured from which product will be made available to Air Future Ltd. More funding provides more products, as in all manufacture raising funds and orders are tied to progress.





MDI Brochures.

MDI have produced a new “Green’Air Presentation” document and a shorter “Green’Air Summary” flier both of which can be downloaded from our website at <https://www.airfuture.co.nz/who-we-are-2>



MDI Outsourcing Partners.

A significant factor in the achievement of the Dubai expo success has been the new technical and manufacturing associations that MDI have formed as part of the move towards outsourcing of specific product manufacturing and product supply. MDI associations include;

Cartol, (manufacturing <https://cartol.fr/en/>),

Elecsys (energy storage <https://www.elecsys-france.com>),

Nicolleau (process machining <https://subcontracteu.com/en/companies/NICOLLEAU/647>),

Usinage (machining <https://www.usinage-dieppo.fr>),

Sinoges (compressed air cylinders <https://sinoges.com/en/>),

Bauer (compressors <https://www.bauer-kompressoren.de/en/company/bauer-france/>).

AirPod 2.0.

MDI’s Italian licensee Air’Mobility <https://www.airmobility.it> is manufacturing a number of AirPod 2.0 bodies and components at their Sardinian premises. These will be delivered to and assembled at MDI Castagniers premises and the 2 cylinder 7.0 kW engine installed. Following the delivery of the initial AirPod’s to MDI we are anticipating product from the subsequent deliveries.



Airpod 2.0 Homologation.

Air’Mobility has assumed responsibility for the initial homologation (certification) of the AirPod. This will be progressed in Italy. Following successful Italian homologation further European certification can be progressed by application on a country by country basis.

CARTOL Industries.

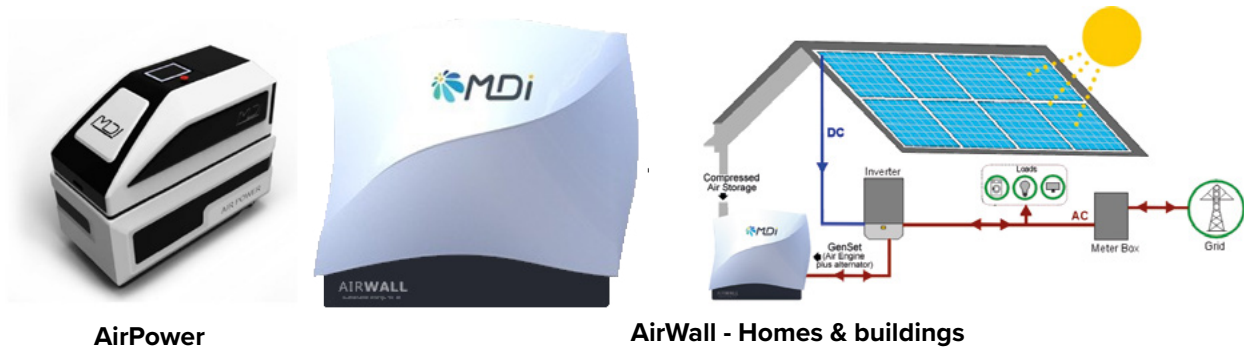
Following the MDI move to smaller premises at Castagnier the search for industrial partners for the mass production of MDI vehicles has enabled MDI to identify CARTOL as a subcontractor. This industrial partnership is particularly relevant to Air Future not only for our own initial product outsourcing but also for the establishment of our initial factories as the technology transfer, initial product installation and initial factory running will be under the joint management of MDI & Cartol.



MDI Energy and Energy Storage.

The recent energy crisis in Europe and particularly in France has prompted MDI to boost their energy storage trials at their Castagnier premises. Focus is on the ability of compressed air to provide customers the opportunity to store energy when supply is cheap or even available in order to supply electricity when it is expensive, rationed or not available at all to customers through their conventional networks. We look forward to receiving news of progress in this area.

Australia has one of the largest per capita coverage of solar installations in the world but lacks the associated storage. The two constraints are affordability and economical scaling of chemical batteries. The MDI compressed storage AirWall seeks to overcome both these constraints, and in doing so open up a huge market.



AirPower

AirWall - Homes & buildings

Capital Raising

The capital raised through the Crowd Funding earlier in the year, although modest, has made it possible for your executive to accomplish important local (Australia & New Zealand) and Pacific Island initiatives and align our activities with the MDI product progress.

Our Crowd Funding raised approximately \$259,400 from 124 investors.

We welcome 60 new shareholders.

2022 Initiatives.

There is much that is essential to achieve over the next six months that will enable us to position our Air Future Group.

We are fortunate that the election in Australia produced a new government now very focused on climate change. We are marketing not only the opportunities we present to assist the government meet the new more enthusiastic climate targets, and to enable consumers to access more affordable energy storage, but also to explore opportunities to assist major energy companies in their endeavours. The promotion of these opportunities is commencing during December to February.

Raising working capital for this period is critical and we again appeal to shareholders for their support.



Capital raising is an essential component of our activities. We are not alone in this competitive market for capital however in our opinion there are few if any opportunities for early-stage investors to become shareholders in diversified, proven and working renewable energy with product ready for markets such as ours.

In the pre-production phase of business however, as we receive investment in relatively small sums, requesting capital is a near continual albeit necessary activity. So please hear us out as we continue to seek a further modest amount of working capital.

Our activities over the next six months will enable us to transition to new sources of capital. Hence the importance of Air Future's "Showcasing Australasia" initiative and our anticipated product showcasing of the MDI Green'Air as a demonstration of the MDI versatility to include compressed air energy storage and AirWall electricity generation.

2023 Capital Raising Documentation.

As a continuation to obtain further working capital over the January, February, March, period Air Future has prepared a further capital raising Investment Memorandum (I.M.) in two formats.

The preparation and presentation of investor documentation requiring precise compliance obligations is a significant overhead.

Wholesale Investors.

The Wholesale Investor Information Memorandum contains an offer of securities which is generally available only to New Zealand "wholesale investors" and Australian "professional investors" and "sophisticated investor".

The Information Memorandum has been prepared for both New Zealand and Australian Investors. Shareholders who can qualify as "wholesale investors" (NZ) or "sophisticated investors" (Aus) are welcome to request a copy of the Information Memorandum.

The "wholesale Investor" offer is not open to retail investors.

Small Equity Offer – An opportunity for shareholders.

The Small Equity Investment Memorandum concerns small equity offers where a company can make small offers of equity or debt securities to no more than 20 investors raising not more than \$2m in any 12 month period. These offers are in accordance with clause 12 (5) of Schedule 1 to the Financial Markets Conduct Act 2013 to "eligible" investors on terms described in the Information Memorandum (the Offer).

These offers provide limited opportunities for shareholders and other interested parties to invest in the Company and Air Future Ltd shareholders are welcome to request the investment Information Memorandum.





A perspective - *by Mick*

The current license arrangement that AFL has with MDI is that MDI is responsible for R & D and product development and AFL, being a licensee, is responsible for commercialisation within its license area of Australasia. MDI being the licensor and owner of the patented compressed air technology provides to AFL, as part of the licence fee, the turnkey factory to manufacture, market and sell MDI products.

Where, in previous or current documents we have indicated future products, we can now in conjunction with MDI develop these in Australasia. Examples might be boats, buses, retrofit, etc. We will be on the lookout for established companies and entrepreneurs for partnering in this exciting opportunity. It spans both transport and energy storage such as decentralised microgrids or so called community virtual power plants.

While seeking larger business partners AFL continues to require a modest amount of working capital. This will be sought mostly from existing shareholders under an offer to “eligible” investors under the requirements of Financial Markets Conduct Act 2013. The term is commonly called the 20/12 rule.

The year ahead is promising and we thank you for your continuing support. Both Mick and Russell are available to answer any questions;

Russell Fitts – 021 310 409, russell@airfuture.co.nz

Mick Kain – 021 616 481, mick@airfuture.co.nz

To request an

Information Memorandum

please phone or txt

Russell on 021 310 409 or

email info@airfuture.co.nz

Yours sincerely,

Russell Fitts
Chairman, Air Future Ltd

Mick Kain
Director, Air Future Ltd

In compliance with the Financial Markets Conduct Act 2013 to ensure that this Newsletter is not taken as an Offer document we are obliged to present the following statement.

- a. Please note that under this shareholder letter no money is currently being sought; and
- b. that financial products cannot currently be applied for or acquired under the offer or intended offer; and
- c. that, if the offer is made, the offer will be made in accordance with the above Act; and
- d. the Company is seeking preliminary indications of interest and if you have an interest please request an Information Memorandum from the Company; and
- e. Please note that no indication of interest will involve an obligation or a commitment to acquire the financial products.