

HYDROGEN UTOPIA INDUSTRIALS

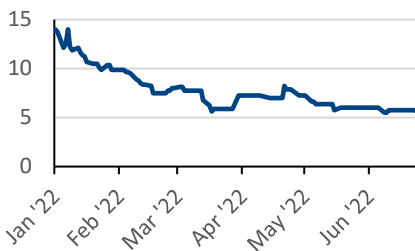
30 June 2022

HUI.L

5.5p

Market Cap: £21.1m

SHARE PRICE (p)



12m high/low 14.0p/5.5p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (Debt)/Cash	£4.7m (at 31/12/21)
Enterprise value	£16.4m
Index/market	AXS
Next news	TBC
Shares in Issue (m)	384.3
Chairman	Guy Peters
Chief Executive	Aleksandra Binkowska
Finance Director	James Nicholls-May

COMPANY DESCRIPTION

Hydrogen Utopia is a plastic waste-to-energy technology company.

www.hydrogenutopia.eu

HYDROGEN UTOPIA IS A RESEARCH CLIENT OF
PROGRESSIVE

ANALYSTS

Peter Hitchens

+44 (0) 20 7781 5304

phitchens@progressive-research.com



Final results highlight operational progress

Hydrogen Utopia International (HUI), the waste plastics to hydrogen company, has released its final results for the year ending 31 December 2021. While the financial results are not too material, the announcement highlights how the company, over the past year, is transforming into a fully-fledged business. HUI is developing its technology and building a potential project pipeline, and the current year should see the company make further progress in both of these areas.

- Technology.** The company is moving ahead to get the technology up and running. HUI engaged Electron, the Netherlands-based thermal engineering company, to design a chemical conversion chamber that will be at the heart of the facility to convert waste plastics to hydrogen. The partners are in the final stages of assembly to test the first lower-temperature pyrolysis stage of the process. Depending on the results, they will then test the second higher-temperature gasification stage. The company has also partnered with Linde for the provision of hydrogen extraction and gas clean-up equipment, design and engineering services to HUI at its plants.
- Project pipeline.** HUI, at its IPO, stated that it was looking at a range of plants throughout the EU. However, the most advanced project appears to be in Tipperary, Ireland. Here the company reached a potential agreement with Trifol Resources (TRL) to build its first plant. The partners are working on a development and collaboration framework that will provide the basis for developing the HUI and TRL processes at this site. This framework is expected to be concluded over the coming months.
- Finances.** The final results for the year ending 31 December 2021 should not be too important for investors compared with the development of the business. since they cover the period preceding the successful IPO in January 2022. The company is currently pre-cash flow and reported a loss of approximately £1m, representing the cost of running the business. However, after the IPO, the company now has net cash of approximately £4.7m, which will be used to fund the development of the business over the next few years.

These financials should be of little importance to investors at this stage, given they cover the period prior to HUI's IPO. However, the final results do highlight how the company is transforming from a concept into fully-fledged business, developing a technology that "can help to create a more sustainable world". In the short term, the market will look at the testing of the chemical conversion chamber with Electron. Investors will also look at the progress that is being made on HUI's first proposed commercial plant in Ireland.

Final results highlight progress in technology and projects

HUI, the waste plastics to hydrogen company, has released its final results for the year ending 31 December 2021. This covers the financial period ahead of its successful IPO in January 2022. While the financial results are not material, the announcement highlights how the company has been transforming from being a concept company into a fully-fledged business over the past year. This evolution has come from the development of the waste plastic to hydrogen technology and from the building of a potential project pipeline, which is moving closer to the company starting to build its first plant.

The process. HUI is committed to developing a technological solution for turning waste plastics into syngas and hydrogen. This addresses two important problems that are currently being faced by the global economy – plastic waste and climate change. The company is looking to use waste plastics as a feedstock, which in the current environment would have been dumped, incinerated or put into landfill. Through pyrolysis and gasification, this waste can be converted into synthetic gas (syngas). This syngas can be used as a fuel in its own right industrially for the generation of power and heat or as a building block for other chemical processes. HUI's business plan envisages 99.999% purity hydrogen being extracted from the syngas, with the remaining syngas available as a fuel or building block. Methane could also be extracted from the syngas as an alternative to hydrogen extraction. Hydrogen has an important part to play in the decarbonisation of the global economy as it can be used in areas such as transportation and hence reduce the reliance of fossil fuels – an issue that has come to the fore with the Russian invasion of Ukraine.

HUI technology. The company is moving ahead to get its technology developed to a point where it can be rolled out commercially across its planned sites. HUI partnered with Electron, the Netherlands-based thermal engineering company, in May 2021 to design a chemical conversion chamber that will be at the heart of the facility to convert waste plastics to hydrogen. This will entail the pyrolysis of plastic at a temperature of up to 500°C to create syngas. The second higher-temperature gasification stage will then produce hydrogen. This has reached an advanced stage with the equipment design. This week, the partners announced that they are in the final stages of assembly of a rig to test the first lower-temperature stage of the pyrolysis within the next month. Depending on the results, the design will be adjusted and then testing of the second stage can begin. HUI and Electron are currently sourcing suitable plastic material ahead of this testing programme.

The company has also partnered with Linde, the leading global industrial gas and engineering company. In 2021, Linde performed a four-month technical feasibility evaluation in relation to the deployment of syngas clean-up and hydrogen extraction in a HUI plant. A framework agreement has now been signed for the provision of hydrogen extraction and gas clean-up equipment, design and engineering services to HUI at its plants – with Linde having a right of first refusal for the provision of equipment and services (provided it is competitive on pricing).

HUI project pipeline. HUI has been busy at looking to establish areas for potential plants to create a substantial project pipeline. This has been predominantly in the EU, where there is the ability to obtain funding from EU grants as well as local, national and private sector funding. The initial reaction by the countries has been very positive.

The most advanced project appears to be in Tipperary, Ireland. In April 2022, HUI reached a potential agreement with Trifol Resources (TRL) to look to build its first full-scale waste plastic to hydrogen plant. TRL has a 2.64-hectare site that is large enough for HUI and TRL to build their respective plants. The partners are working on a development and collaboration framework that will provide the basis for developing the HUI and TRL processes. This framework is expected to be concluded over the coming months. HUI is also in discussions with a Tier 1 feedstock and off-take supplier.

Elsewhere, the company has been looking at a raft of potential projects, most being located in Poland and, to a lesser extent, Greece. The most advanced of these projects is in the city of Konin, Poland.

HUI Finances. The final results for the year ending 31 December 2021 should not be too important for investors compared with the development of the business (as discussed above), since these financials cover the period preceding the successful IPO in January 2022 and the company in this period was pre-cash flow. In 2021, HUI reported a post-tax loss of approximately £1.04m, representing the cost of running the operations and putting in place the processes to transform the company into a fully-fledged business. The cash outflow of £0.98m was of a similar magnitude to the loss made. However, after the IPO, HUI has net cash of approximately £4.7m, which will be used to fund the development of the business over the next few years.

Disclaimers and Disclosures

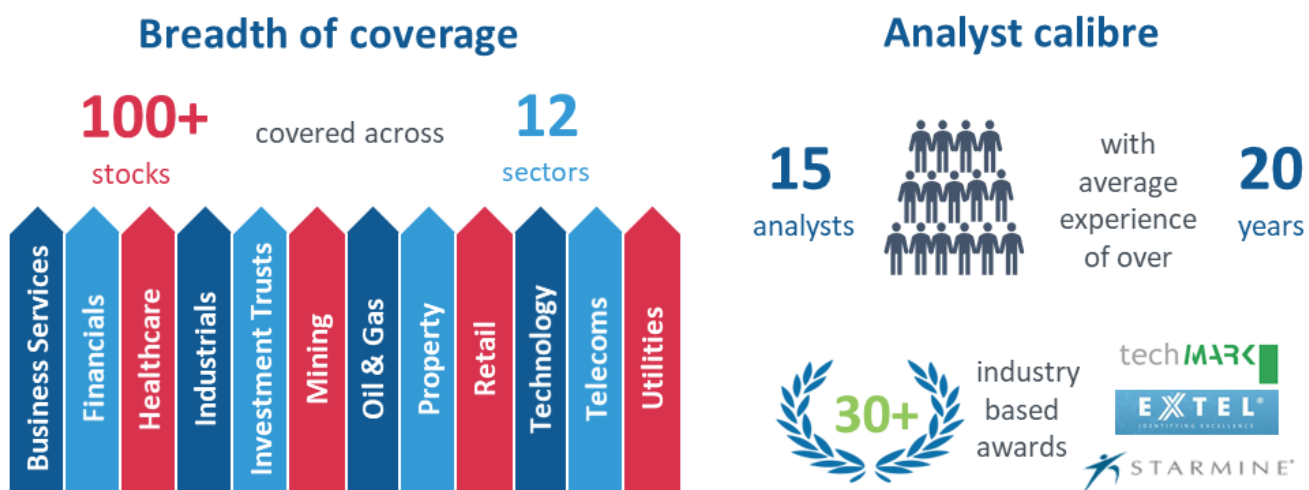
Copyright 2022 Progressive Equity Research Limited (“PERL”). All rights reserved. Progressive’s research is commissioned by the subject company under contract and is freely available to the public and all institutional investors. Progressive does not offer investors the ability to trade securities. Our publications should not, therefore, be considered an inducement under MiFID II regulations. PERL provides professional equity research services, and the companies researched pay a fee in order for this research to be made available. This report has been commissioned by the subject company and prepared and issued by PERL for publication in the United Kingdom only. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable; however, PERL does not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of PERL at the time of publication, and any estimates are those of PERL and not of the companies concerned unless specifically sourced otherwise. PERL is authorised and regulated by the Financial Conduct Authority (FCA) of the United Kingdom (registration number 697355).

This document is provided for information purposes only, and is not a solicitation or inducement to buy, sell, subscribe, or underwrite securities or units. Investors should seek advice from an Independent Financial Adviser or regulated stockbroker before making any investment decisions. PERL does not make investment recommendations. Any valuation given in a research note is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price. PERL does not undertake to provide updates to any opinions or views expressed in this document.

This document has not been approved for the purposes of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom. It has not been prepared in accordance with the legal requirements designed to promote the independence of investment research. It is not subject to any prohibition on dealing ahead of the dissemination of investment research.

PERL does not hold any positions in the securities mentioned in this report. However, PERL’s directors, officers, employees and contractors may have a position in any or related securities mentioned in this report. PERL or its affiliates may perform services or solicit business from any of the companies mentioned in this report.

The value of securities mentioned in this report can fall as well as rise and may be subject to large and sudden swings. In addition, the level of marketability of the shares mentioned in this report may result in significant trading spreads and sometimes may lead to difficulties in opening and/or closing positions. It may be difficult to obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance.



To arrange a meeting with the management team, or for further information about Progressive, please contact:

Keith Hodgskiss
+44 (0) 20 7781 5300
khodgskiss@progressive-research.com