

# SulNOx Group PLC

## Interim Results for the 6 month period ended 30 September 2020

30 September 2020

### CHAIRMAN'S STATEMENT

SulNOx Group (the "Group"), the hydrocarbon fuel emulsification specialist, has pleasure in presenting shareholders with its interim results. These results have been badly affected by the worldwide COVID-19 pandemic that has damaged businesses across the world. Although sales progress has been delayed by this tragedy, in reality, we have been able to progress our world-class proprietary technology during the period of lockdown.

When reviewing a business such as ours it is easy to fall into the trap of focussing on a single item such as product sales, which is very important, and will always be a key part of our story. I say this because three things have occurred in the recent months that will also have significant importance to the value of our shares. Let us review each of them.

Bacterial and funga damage to fuel due to "free water" is a problem is often referred to as "the Diesel Bug". Eliminox (our first UK distributor), working alongside the WP Group, have undertaken tests throughout this accounting period and have proven beyond doubt that the SulNOx technology removes the free water and thus significantly eliminates bacterial and fungal problems. This is important because the Diesel Bug is a global issue in diesel storage. So, whilst not generating immediate revenues, our technology, which is available right now, can address a worldwide issue. This is an important message for the shareholders to appreciate.

It has always been the strategy of the company to sub-contract the manufacturing of our products to a global chemical business of high quality. Our original licensing contract with our global chemical manufacturer ended on 31st August 2020 and we were delighted to announce that this arrangement had now been extended for a further three years. Everyone at the SulNOx Group is aware that developing and selling a new unique technology to a suspicious marketplace is difficult and we are genuinely grateful to our colleagues at our global chemical manufacturer for their patience and we look forward to working closely with them in the years ahead.

Sometimes an event of great importance occurs which was not in fact planned but the results of which have the ability to dramatically progress our story. Our UK distributor Eliminox continues to sell product to a haulage company named Besblock, who has used it on their fleet of 27 Euro 6 Skania and Volvo HGV trucks for a seven-month period so far. This company uses 100,000 litres of fuel a month. The results were startling and showed that the fuel gave more miles per gallon (with a fuel saving of up to 8%), diesel filters had to be changed less frequently and the PM monitor (Particulate Matter - Smoke & Soot) stopped lighting up for longer periods. This is the first of many businesses to be sold to, others being in the agriculture and contractor sectors. Besblock have adopted the SulNOx Technology on their whole fleet and are happy to give testimonials to other operators. Shareholders should realise that this is important as we have the product to reduce carbon emissions whilst improving engine performance and reducing vehicle maintenance.

The message is clear - the sales during lockdown have been small but the progress of your Company has been large.

In May, it was clear that COVID-19 was going to stop us travelling and meeting clients face to face and thus slow the progress of sales, so it was agreed that the company should raise some money as an act of financial prudence. This was handled by Stephen Bamford, our former Chairman, who gathered support from our existing shareholders. Following this successful fund raising, Mr Bamford informed the Board that having reached 70 and after 50 years in the City, that he intended to retire from corporate life. The then Board wished him well.

It should be clear to everyone that the "Path to Net Zero emissions by 2050" is a political aspiration and all businesses must, and will need to work very hard, if this can be achieved at all. We at the SulNOx Group have answers that will create large reductions in toxic emissions and our products are available today. In the very near future, all of us at the Company believe that this will become understood and our product sales will accelerate markedly. Our unique selling proposition is that using our products will actually save customers money, whilst helping them reach their environmental

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emission reduction targets. Once appreciated that will become compelling. I am excited to be part of the new Board and how their collective experience will shape the company going forward.

Professor Anthony Granger  
Chairman.

### Enquiries

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<b><u>AQSE Corporate Adviser:</u></b>	-
<b><u>Allenby Capital Limited</u></b>	
<u>Nick Harriss / John Depasquale / James Hornigold</u>	<u>020 3328 5656</u>

The directors take responsibility for this announcement.

# SulNOx Group PLC

## Consolidated Statement of Comprehensive Income for the 6 months ended 30 September 2020

	Unaudited 6 months ended 30 September 2020 £	Audited 12 months ended 31 March 2020 £	Unaudited 6 months ended 30 September 2019 £
Turnover	-	12,184	-
Cost of sales	(1,422)	(32,493)	-
Gross profit	(1,422)	(20,309)	-
Distribution costs	-	(1,493)	-
Administrative expenses	(376,680)	(1,868,064)	(724,586)
Operating loss	(378,102)	(1,889,866)	(724,586)
Loss before taxation	(378,102)	(1,889,866)	(724,586)
Tax on loss	-	11,593	-
Loss for the financial period and total comprehensive income	(378,102)	(1,878,273)	(724,586)
Earnings per share (pence)      Note 3	(0.44)	(2.28)	(0.89)

# SuINOX Group PLC

## Consolidated Statement of Financial Position 30 September 2020

	Unaudited 30 September 2020 £	Audited 31 March 2020 £	Unaudited 30 September 2019 £
<b>Fixed assets</b>			
Intangible assets	8,466,970	8,680,881	8,889,078
Tangible assets	4,116	4,704	6,147
	<u>8,471,086</u>	<u>8,685,585</u>	<u>8,895,225</u>
<b>Current assets</b>			
Inventory	111,438	111,438	123,830
Debtors	52,832	21,119	16,688
Cash at bank and in hand	117,006	87,734	154,452
	<u>281,276</u>	<u>220,291</u>	<u>294,970</u>
<b>Creditors: amounts falling due within one year</b>	<u>(370,544)</u>	<u>(318,956)</u>	<u>(983,655)</u>
Net current liabilities	(89,268)	(98,665)	(688,685)
Total assets less current liabilities	<u>8,381,818</u>	<u>8,586,920</u>	<u>8,206,539</u>
<b>Net assets</b>	<u>8,381,818</u>	<u>8,586,920</u>	<u>8,206,539</u>
<b>Capital and reserves</b>			
Called up share capital	1,707,657	1,695,782	1,631,118
Share premium account	10,942,815	10,781,690	9,301,144
Share based compensation reserve	307,439	307,439	283,842
Profit and loss account	(4,576,093)	(4,197,991)	(3,009,565)
<b>Shareholders' funds</b>	<u>8,381,818</u>	<u>8,586,920</u>	<u>8,206,539</u>

# SulNOx Group PLC

## Group Statement of Changes in Equity For the 6 months ended 30 September 2020

	Called up share capital £	Share premium account £	Share based compensation reserve £	Retained earnings £	<b>Total</b> £
<b>Balance as at 1 April 2019</b>	1,631,118	9,389,155	–	(2,319,718)	8,700,555
Loss of total comprehensive income for the year	–	–	–	(689,847)	(689,847)
Issue of share capital	–	(88,011)	–	–	(88,011)
Issue of share based payments	–	–	283,842	–	283,842
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Balance at 30 September 2019</b>	1,631,118	9,301,144	283,842	(3,009,565)	8,206,539
Loss of total comprehensive income for the year	–	–	–	(1,188,426)	(1,188,426)
Issue of share capital	64,664	1,480,546	–	–	1,545,210
Issue of share based payments	–	–	23,597	–	23,597
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Balance at 31 March 2020</b>	1,695,782	10,781,690	307,439	(4,197,991)	8,586,920
Loss of total comprehensive income for the year	–	–	–	(378,102)	(378,102)
Issue of share capital	11,875	161,125	–	–	173,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>At 30 September 2020</b>	1,707,657	10,942,815	307,439	(4,576,093)	8,381,818

# SulNOx Group PLC

## Group Statement of Cash Flows For the 6 months ended 30 September 2020

	Unaudited 30 September 2020 £	Unaudited 31 March 2020 £	Unaudited 30 September 2019 £
<b>Cash flows from operating activities</b>			
Loss for the year after tax	(378,102)	(1,878,273)	(724,586)
<b>Adjustments for:</b>			
Taxation charged	-	(11,593)	-
Amortisation and impairment of intangible assets	213,910	408,197	200,000
Equity settled share based payment expense	-	307,439	283,842
Depreciation and impairment of property, plant and equipment	588	1,568	125
<b>Movements in working capital:</b>			
(Decrease)/increase in inventories	-	(111,438)	(114,533)
(Decrease)/increase in trade and other receivables	(31,712)	(11,822)	(16,688)
(Decrease)/increase in trade and other payables	51,588	(220,438)	407,462
Cash generated from operations	(143,728)	(1,516,360)	35,622
Tax (paid)/received	-	(11,593)	-
Net cash from operating activities	<u>(143,728)</u>	<u>(1,504,767)</u>	<u>35,622</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	173,000	1,476,849	-
Share issue costs	-	(19,650)	(88,011)
Repayment of loans	-	(71,539)	-
Net cash from financing activities	<u>173,000</u>	<u>1,385,660</u>	<u>(88,011)</u>
<b>Net increase in cash and cash equivalents</b>	29,272	(119,107)	(52,389)
<b>Cash and cash equivalents at beginning of year</b>	87,734	206,841	206,841
<b>Cash and cash equivalents at end of year</b>	<u>117,006</u>	<u>87,734</u>	<u>154,452</u>

## SulNOx Group Plc

### Notes to the Interim Financial Statements

#### 1. General Information

SulNOX Group Plc is a public limited company ("The Company") incorporated in England & Wales (registration number 08449586). The Company is domiciled in the United Kingdom and its registered office is 10 Orange Street, London WC2H 7DQ. The Company's ordinary shares are traded on the [AQSE Growth Market](#) ("[AQSE](#)"). ([formerly NEX](#)). Copies of the interim report are available from the Company's website [www.sulnoxgroup.com](http://www.sulnoxgroup.com). Further copies of the Interim Report and Accounts may be obtained from the address above.

The Company's principal activity is the procurement of orders for customers wishing to use two fuel emulsifier products previously developed by the group and now owned under licence to Nouryon BV.

#### 2. Basis of Preparation

The interim financial statements of the Company and its subsidiaries for the six months ended 30 September 2020, which are unaudited, have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial information contained in the interim report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the full preceding statutory reporting period is based on the statutory accounts for the year ended 31 March 2020. Those accounts, upon which the auditors, Shipleys LLP, issued a report which was unqualified, have been delivered to the Registrar of Companies.

As permitted, this interim report has been prepared in accordance with the [AQSE Growth Market Rules for Issuers](#) and not in accordance with IAS 34 "Interim Financial Reporting" therefore it is not fully compliance with IFRS.

The interim financial statements are presented in sterling.

#### 3. Loss per share

Basic loss per share is 0.44p. The basic loss per ordinary share is calculated by dividing the loss of £378,102 by 85,215,732, the weighted average number of shares in issue during this period.

The loss attributable to equity holders (holders of ordinary shares) of the Company for calculating the fully diluted loss per share is identical to that used for calculating the loss per share. The exercise of share options would have the effect of reducing the loss per share and is therefore anti-dilutive.